NEWSPAPER of THE YEAR

FINANCIAL TIMES

Weekend September 5/September 6 1992 | EUROPE'S BUSINESS NEWSPAPER | D8523A

French poll puts 55% in favour of Maastricht treaty

An opinion poll conducted in France yesterday, the first since President François Mitterrand's live appearance in a television debate on European union, put support for the Maastricht treaty at 55 per cent. The poll appeared to confirm the positive impact of Mr Mitterrand's TV appearance on Thursday. Page 22

Italy suspends Bosnian flights: *Italy has* suspended humanitarian flights to Sarajevo as evidence mounted that the aircraft which crashed killing its four-man crew near the Bosnian capital had been hit by a missile. Page 2

Eurotunnel has been told by bankers to settle its dispute over the cost of building the channel tunnel by Monday night. Without an agreement with Transmanche Link, the Anglo-French consortium, Eurotunnel may not be allowed access to funds. Page 22

Japan's trade surplus soars: *Japan's current* account surplus soared in July to $9.64bn (£4.8bn), 89 per cent higher than a year ago, the 16th consecutive month of year-on-year increases. Page 3

Belfast shooting: British troops were accused of murdering an unarmed Catholic teenager who was shot in the back in the republican New Lodge area of north Belfast. Peter McBride, 18, had been searched by Scots Guards minutes earlier.

S.G. Warburg Securities, leading UK stockbroker, is to stop making a market in the shares of 362 companies, claiming it no longer makes commercial sense to trade such illiquid stocks. Page 22

KLM Royal Dutch Airlines said it had won unrestricted access to US airports under a bilateral "open skies" agreement between the US and Dutch governments. KLM would be the first European carrier to have won such an agreement.

China's finance minister quits: Wang Bingqian, who presided over a widening budget deficit as Beijing sought to keep state industries afloat, has resigned after 11 years in office. Page 3

Tour operator collapses: DHG (UK), which specialises in package holidays to Turkey, ceased trading yesterday, the Civil Aviation Authority said. The CAA has called in its bond of £1.3m from the Twickenham-based company. Timeshare company closes office, Page 5

NHS salary costs: Salary costs of national health managers rose by 900 per cent over the past five years from £25.6m to £251.4m against only a 50 per cent rise for the medical staff salary bill over the same period. Page 4

Philip Morris, US tobacco group, is to build a factory to produce Marlboro cigarettes near St Petersburg. The multi-million-dollar plant will employ at least 600 workers. Page 10

Isosceles, the leveraged buy-out vehicle for the Gateway food retail business, reaffirmed its plans for a flotation in 1995 when announcing results for the year. Page 8; Lex, Page 22

Ecuadorian reform: Quito announced long-awaited economic reform measures, including the privatisation of state-owned enterprises and cuts in public spending. Page 3

Hurd pledge on Somalia: Douglas Hurd, foreign secretary, said the crisis in Somalia was worsening and promised the EC would increase humanitarian aid. Page 3

Pearson, publishing, banking and industrial group, suffered a 14 per cent drop in pre-tax profits to £34.8m for the half year ended June 30 – a better result than the City had expected. Page 8

IMF request: Ukraine wants up to $6.5bn (£3.25bn) from the IMF to stabilise its proposed new currency. Ukraine claims recovery, Page 2

Laird Group, car components and industrial products company, has defied trends in the automotive industry to report a 43 per cent increase in interim pre-tax profits. Page 8; Lex, Page 22

Wall street fire: A serious fire in a Wall Street area building caused the suspension of trading at the American Stock Exchange after smoke got into the market's ventilation system.

Time runs out for Superman: Superman, 54, the hero with superhuman strength, clean work habits, and X-ray vision, is to die in November in hand-to-hand combat with an alien named Doomsday, DC Comics, which is owned by Time Warner, has decided.

■ STOCK MARKET INDICES

FT-SE 100:	2,362.2	(–19.7)
Yield	5.12	
FT-SE Eurotrack 100	1,029.27	(–2.19)
FT-A All-Share	1,116.19	(–0.7%)
Nikkei	18,555.38	(+168.81)
New York lunchtime		
Dow Jones Ind Ave	3,291.86	(–0.54)
S&P Composite	418.04	(+0.06)

■ US LUNCHTIME RATES

Federal Funds:	3⅛%
3-mo Treas Bills: Yld	2.962%
Long Bond	99⅞
Yield	7.28%

■ LONDON MONEY

3-mo Interbank	10⅞%	(Same)
Liffe long gilt future:	Sep 97¾	(Sep 97¼)

■ NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$20.15	(20.075)

■ Gold

New York Comex (Sept)	$341.3	(340.8)
London	$341.5	(341.4)

■ STERLING

New York lunchtime:		
$	1.997	
London:		
$	1.9955	(1.984)
DM	2.8	(Same)
FFr	9.5275	(Same)
SFr	2.4975	(2.5075)
Y	245.75	(246.0)
£ Index	92.4	(92.2)

■ DOLLAR

New York lunchtime:		
DM	1.40285	
FFr	4.77325	
SFr	1.2495	
Y	123.10	
London:		
DM	1.403	(1.4115)
FFr	4.775	(4.8025)
SFr	1.261	(1.2635)
Y	123.15	(123.95)
$ Index	58.6	(58.8)
Tokyo close Y 124.15		

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Fed funds rate cut ■ Economy weaker than expected

Dollar and sterling hit by poor US jobs data

By Michael Prowse in Washington and James Blitz in London

THE DOLLAR and sterling came under renewed selling pressure yesterday after worse-than-expected US employment figures indicated that the economy was far weaker than thought.

After the news that US non-farm payrolls had plunged by 83,000 in August, the Federal Reserve further relaxed monetary policy by signalling a cut of ¼ point to 3 per cent in the Fed funds rate, at which US banks lend to each other.

The jobs data immediately reversed the revival of the dollar and sterling which had followed the UK government's decision on Thursday to borrow Ecu10bn *(£7.27bn) of foreign currencies in* the coming months and sell them for pounds.

The dollar yesterday fell by nearly 4 pfennigs in the space of an hour, hitting DM1.3940 at one point. Sterling lost most of the gains it had made in the previous 24 hours to close unchanged in London at DM2.80.

The payroll report showed that the US economy is in a worse state than had been expected and was seen last night as an embarrassment to President George Bush's administration.

Analysts had been expecting employment in the US to rise by about 150,000 last month. The news was particularly gloomy because it incorporated the benefits of the US government's summer jobs programme, without which employment would have fallen by 183,000.

"The report is an across-the-board disaster", said Mr Norman Robertson, chief economist at Mellon Bank in Pittsburgh. "It raises the possibility that the economy may be slipping into another decline."

The cut in the Fed funds rate was the first reduction in US interest rates since July, when the US central bank cut both the discount rate and the Fed funds rate by ½ point.

The Fed funds rate sets the level of short-term interest rates throughout the country but is not psychologically as important as the discount rate.

The UK government's large foreign currency borrowing plan was intended to protect sterling against such a move as well as against uncertainty within the European exchange rate mechanism in the run-up to the September 20 French referendum on the Maastricht treaty.

The Fed has lowered short-term interest rates by more than 5 percentage points since the recession began in the summer of 1990. Although these rate cuts have had little impact on the economy, they have helped to depress the dollar.

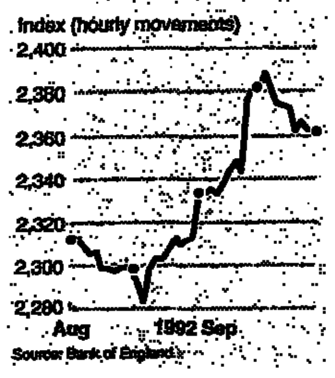
With official short-term interest rates in Germany at 9.75 per cent, yesterday's move seems set to increase the incentive for investors to move funds into D-Marks from the dollar.

The dollar plunged yesterday before recouping some of its losses in London, where it closed at DM1.4030, nearly a pfennig down on the day. Sterling fell to a low of DM2.7950, but recovered to close unchanged on the day at DM2.80.

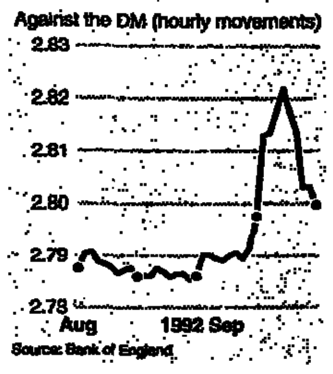
The US employment figures also checked the sharp rise in equities that followed the announcement of the British foreign borrowing plans. After rising by 68.9 on Thursday, the FT-SE 100 index closed down 19.7 at 2,362.6.

The Bush administration drew some comfort from a slight decline in the unemployment rate, to 7.6 per cent compared with 7.7 per cent in July, even though this reflected the impact of the summer jobs programme on teenage unemployment.

FT-SE 100



Sterling



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Child's play: a youngster examines the wreckage of the Italian relief aircraft shot down on the way to Sarajevo. Italy suspends further aid flights to Sarajevo, Page 2

Italian action fails to boost lira

By Robert Graham in Rome

ITALY forced up interest rates yesterday by 1.75 percentage points, the biggest increase in 11 years, and drew on international central bank credits in a fresh attempt to protect the lira.

The rise in the Bank of Italy's discount rate to 15 per cent, the highest since 1985, was accompanied by further heavy intervention but gave no significant boost to the lira.

The Italian currency finished a nervous European trading day close to its floor in the European Monetary System against the D-Mark.

The international efforts to bolster the lira, backed by the German and Belgian central banks, represented one of the largest EMS support operations since the last full-scale realignment nearly six years ago.

In spite of the action, the lira closed in Milan at its EMS floor of 765.40 against the D-Mark. In London it closed just off its floor at 765.0.

Italian commercial banks said they would match the discount rate increase with a matching rise in their interest rates charged to customers.

The discount rate move was accompanied by increases in short-term money market rates, which yesterday were about 18 per cent. Mr Giovanni Agnelli, chairman of the Fiat group, was quoted as saying: "We are very concerned. Interest rates have reached unbearable levels for industry."

The Bank of Italy said the lira had become vulnerable after the UK's move on Thursday to borrow Ecu10bn of foreign currencies to prop up sterling. This shifted international selling pressure from the pound to the lira.

In intervening to support the lira, the Bundesbank and Belgian central bank were acting under EMS rules requiring automatic action to prop up weak currencies once they touch their floor.

Although the Italian authorities insisted the country was not running short of foreign exchange reserves, the Bank of Italy's convertible currency holdings have fallen sharply during the lira's weakness of the past two months.

The last published figures for Italy's foreign currency reserves at the end of July showed a total of L27,808bn against L38,583bn the previous month and L66,513bn in July 1991.

Partly in response to this drain on reserves, the Bank of Italy announced yesterday it was making use of EMS credit facilities enabling it to borrow unlimited amounts of strong currencies for up to 2¼ months to defend the lira's parity.

Using foreign currency drawn from the other EMS central banks, the Bank of Italy intervened early in the day selling DM890m and *BFr800m* to protect the lira. The Bundesbank, accord

Continued on Page 22
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Patten rules out return of O-level

By Philip Stephens, Political Editor

SPECULATION that the government might reintroduce the O-level examination following the GCSE standards controversy has been dispelled by Mr John Patten, the education secretary.

Mr Patten said his aim was to improve the present system rather than abolish it. His remarks follow the furore surrounding a report by Her Majesty's Inspectorate which suggested that standards may have been slipping since the GCSE replaced the two-tier system of O-levels and CSEs in 1988.

The report prompted Mr Patten to demand an investigation by the independent examination boards.

It also raised the hopes of educational traditionalists and right-wing Tories that the single examination might be scrapped.

In an interview with the FT, Mr Patten rejected criticism from the Labour party and teachers' unions that he had used the report to undermine confidence in the GCSE.

He expected the boards, which will be holding a joint meeting later this month, to respond swiftly to the "serious criticisms" of the inspectors. But he added

Man in the news, Page 6

August car sales well below target

By Kevin Done
Motor Industry Correspondent

UK NEW CAR registrations in August, the most important sales month of the year, rose slightly by 1.7 per cent compared with last year, but motor industry leaders warned that there was no sign of underlying recovery.

Rover, which has introduced a three-day week on Metro and Mini assembly at Longbridge, Birmingham, last night announced further reductions in *output of its Rover 200/400 series.*

Overall new car registrations last month rose to 373,804 from last year's depressed level of 367,646, but demand remained well below industry forecasts for sales of around 400,000.

Sales have failed to rally despite heavy marketing by car makers including widespread dealer discounting, manufacturer cash rebates and offers such as free insurance, *free road fund* licence and low-cost finance.

Sales fail to recover, Page 4

National Savings look to the far side

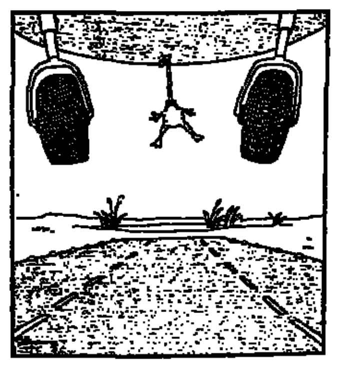
By Philip Coggan,
Personal Finance Editor

NATIONAL SAVINGS has unveiled the latest weapon in its battle for the nation's wallets – Gary Larson. The Far Side cartoonist's work will head a campaign aimed at persuading private investors to help fund the UK's growing budget deficit.

Larson's work will appear in animated version for the first time in a series of UK television adverts starting on Wednesday. British animators have adapted *the US artist's cartoons, which* mainly involve animals and are noted for their off-beat humour, with the creator's approval. Newspaper advertisements will also carry Larson's cartoons.

National Savings says the campaign is aimed at attracting many investors, often in the 30 to 50-year-old range, who regard the government department's products as down-market and *dull. The cartoons are designed* to give the investment schemes a more up-to-date image. The campaign will be cheaper than the department's previous efforts which have involved actors and location filming.

The advertisements will be monitored closely by the building societies, which have been complaining about the National Savings department's success in *attracting savers. Rates* on National Savings products have been cut twice in an attempt to head off criticism.



Go for the big one: National Savings' new advertisement

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Austria Sch30, Bahrain Din1.250; Bermuda $1.65; Belgium BFr60, China FEG 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.50; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR180; India Rup20, Indonesia Rp3,600; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1.50, Korea Won 2500; Kuwait Fils 600; Lebanon US$1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.50; Morocco Dh13.00, Nigeria Naira20.60; Netherlands Fl3.50; Norway Nkr16.00; Oman OR1.60; Pakistan Rs35, Philippines Peo 45, Poland Zl 18000; Portugal Esc190; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10, Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00, Switzerland SFr3.00, Taiwan NT$65, Thailand Bht50; Tunisia Din1.250; Turkey L6000; UAE Dh10.00, USA $1.25 (Alaska & Hawaii $1.75)

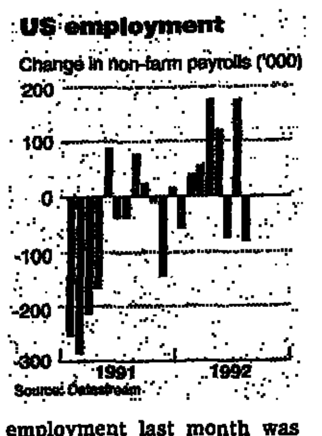
Wall Street welcomes Fed cut

By Michael Prowse in Washington

THE US Federal Reserve's decision to respond to a dismal employment report, with a ¼-point cut in the federal funds rate to 3 per cent, was welcomed on Wall Street yesterday as striking a sensible balance between the domestic and international needs of the economy.

But for the chronic weakness of the dollar and the imminence of the presidential election in November, the Fed might have been tempted to announce another cut in the discount rate which, at 3 per cent, now sets a floor for the federal funds rate.

Nudging down the federal funds rate (the cost of overnight funds in the interbank market) was a way to appear *responsive to domestic economic* needs without further destabilising currency markets.



The plunge in payroll employment last month was sharp enough to raise worries that the US economy is heading for a triple-dip recession.

Non-farm employment fell by 83,000 to 108.5m, despite the Bush administration's *attempts to massage the figures* with a generous federal summer jobs programme. Excluding the effects of federal intervention, employment fell by 183,000 – the kind of figure expected at the depths of recessions.

Wall Street analysts had expected employment to rise by about 150,000.

The weakness was pervasive. Manufacturing and retailing shed 97,000 and 71,000 jobs respectively, showing the softness of both production and consumer demand. Other sectors *shedding jobs included* construction, mining, retailing, wholesaling and transport.

Overall, private sector employment was not significantly higher last month than in April last year, the month many economists believe was the trough of the recession.

Analysts discounted the few positive elements in the figures yesterday. The unemployment rate (based on household rather than payroll data) fell *slightly – to 7.6 per cent* against 7.7 per cent in July. But the decline was entirely accounted for by lower teenage joblessness via the summer jobs programme.

Recent indicators have been consistently weaker than expected. *Consumer confidence* slipped further in August, having fallen sharply in July. Orders for durable goods fell in July, as did housing starts and new home sales.

Few analysts, however, are yet willing to forecast a return to outright recession, mainly *because there* has been no sudden shock to the economy, such as an oil price or interest rate increase. But most are scaling back already weak growth *forecasts*.

"This is a very dismal report," said Mr Edward McKelvey, a senior economist at Goldman Sachs, the investment bank. The employment figures pointed to economic growth of little more than 1 per cent at an annual rate, a dismal *showing* by US standards. Only a few months ago, economists were confidently forecasting growth at an annual rate of 2.5-3 per cent.

Delors attacks US over subsidy on wheat

By Lionel Barber in Brussels

MR Jacques Delors, European Commission president, yesterday heavily *criticised the* US plan to double its subsidised exports of wheat and warned that this could undermine efforts to reach a trade agreement through the General Agreement on Tariffs and Trade.

He called US President George Bush's plan to use $1bn to subsidise the export of 29.1m tonnes of wheat to some 28 countries an "aggressive act".

Abandoning the informal truce between US and EC negotiators on Gatt, the commission president said the US move had vindicated the Europeans' refusal to bend to Washington's pressures to reduce its own subsidies.

His remarks came during a French radio broadcast on the *Maastricht treaty*.

After the broadcast, Mr Delors said the US plan would double the amount of its subsidised wheat on world markets, directly challenging the EC's markets in Pakistan, Kenya and Latin America.

"It is a very bad sign," he said.

Some countries, such as Brazil, have declared they will not buy subsidised wheat from the US, while US officials said yesterday *that the announcement* was partly aimed pressing the EC to reduce its export subsidies in agriculture.

Mr Delors acknowledged that Mr Bush's announcement was probably meant to win US farmers' votes in the presidential election in November, but *he complained that the US was* aggravating tensions over trans-Atlantic trade through its policy of benign neglect of the dollar.

THERE IS A FREE LUNCH: Hundreds of homeless await a meal donated by a hamburger chain in Los Angeles this week. The number classified as poor in the US has reached a 27-year high

Industrial orders down in Germany

By Christopher Parkes in Bonn

THE rising value of the D-Mark hit German industry's export order books in July, the economics ministry said yesterday. Incoming orders from foreign customers, already depressed by recession, fell a *real 2.5 per cent* in July, compared to June.

Combined with a 0.5 per cent rise in domestic demand, this produced an overall fall of 0.5 per cent in new orders at manufacturing and mining companies.

A comparison of developments in June and July, measured against the previous two months and considered more reliable, showed total orders down 2 per cent.

Compared with the equivalent period last year, the reduction was 4.5 per cent in volume and 3.5 per cent in value.

Capital goods manufacturers have been especially hard hit by slowing investment at home and abroad. Their June/July orders were 7.4 per cent lower in volume and 5.2 per cent down in value, compared with a year earlier.

Underlining the strains in the industry, *MAN Gutehoffnungshütte*, a plant and engineering subsidiary in the MAN group, yesterday announced plans to cut 420 jobs.

Krupp Stahl, one of Germany's leading steel-makers, announced a plunge into the red in the first half of this year. *After profits of DM44m* (£15.7m) in the first six months of 1991, it reported a loss of DM32m.

Krupp loss, page 10

Austere budget in Portugal

By Patrick Blum in Lisbon

THE Portuguese government is preparing a tough cost-cutting 1993 budget to reduce its deficit in a further effort to accelerate nominal economic convergence with Portugal's richer European Community partners.

"It [will be] an investment and restructuring budget," Mr Jorge Braga de Macedo, finance minister, said in an interview with Semanário Económico, a respected weekly newspaper. "Recurrent expenditure will fall in nominal terms, but investment and spending on social services *will grow 12-14 per cent.*"

According to officials, the aim is to reduce the budget deficit to 4 per cent of gross domestic product, compared with 5.2 per cent forecast for this year. All ministries, except justice and interior, will be required to cut their *administrative spending* by 5 per cent.

The right-of-centre social democratic administration is also seeking public sector wage rises of up to 4.5 per cent for most employees and of about 5.5 per cent for the lowest-paid. This is likely to be bitterly fought by public sector unions, which do not believe the minister's forecast of 5-7 per cent inflation for 1993 – down from an expected 9 per cent this year. Unions want 10-11 per cent pay rises.

Mr Braga de Macedo said he expected the economy to grow by about 3 per cent in 1993, compared with forecasts of 2-2.5 per cent growth this year.

The social democrats' parliamentary majority will ensure approval of the budget.

Bonn politicians alarmed at poll debate in France

By Quentin Peel in Bonn

THE GERMAN political establishment has *followed the* Maastricht referendum debate in neighbouring France with no little surprise and alarm.

But the German citizen in the street, if following the debate at all, seems to be decidedly unruffled.

"If the French vote No in the referendum, it would devastate the political leadership, and probably delight most of the German people," according to one senior European diplomat. "It would shake the foundations of the Franco-German alliance at government level and simultaneously reinforce the relationship at the grass roots."

Chancellor Helmut Kohl's decision to intervene in the marathon French television debate on Thursday night, and urgently to plead for a Yes vote, was a clear demonstration of just how important a positive outcome is for Bonn.

"If Mitterrand wins, then Kohl wins – and the opposite is also true," said a senior government official. "The chancellor has invested a lot of credibility in Maastricht. We were *worried, but now less so.* We assume the outcome will be positive."

Until the past few days, the German public had paid little attention to the French debate, preoccupied with its own problems of unification, immigration, and the bloody battles in former Yugoslavia.

The emergence of Germany itself as an issue in the referendum campaign has *started* to change that, along with the growing realisation that a Yes vote is no longer a foregone conclusion. Yet there appears to be no contingency planning in Bonn for a French No: "It is an outcome too ghastly to contemplate," said one German official.

The political establishment in Bonn – the leaders of all the main political parties – is painfully aware that its dedication to European integration *is* increasingly out of step with popular opinion. The polls have shown a steady and relatively rapid switch in sentiment against further integration, particularly by way of hostility to the exchange of the D-Mark for a single European *currency* and doubt about the benefits of a frontier-free European market.

Dr Dieter Roth of the Mannheim-based Wahlen institute for opinion research says that, in July, there was still a majority in favour of Maastricht in Germany, by 50-34 per cent. He expects a new poll in two weeks to show a far narrower margin.

"We can say very clearly that, since Maastricht, the Ger*man enthusiasm for Europe* has declined," he says. "In particular, a large majority of the population does not want the D-Mark to be replaced by the Ecu. In June, about 70 per cent were opposed to that."

That is a process independent of the French debate. What has upset the commentators is the emergence of the "German bogey" as an argument on both *sides* of the French divide. The Yes campaigners say Maastricht is essential to bind the German giant; the No campaigners say European union will simply make France a German lapdog.

"We are a bit concerned about some of the arguments *being used*," a *German* political observer says. "If they go on talking about German demons, it could have a negative effect here. But, so far, the damage is limited. We have always known that this sort of thinking played a role among the French élite. And they have to convince chauvinist French voters."

The German government still faces a tough ratification of the EC treaty in the two houses of parliament. A deal has been agreed to give the Bundesrat, the upper house, more power to oversee EC legislation and take part in negotiations. Now *the Bundestag*, the directly elected lower house, is looking for similar powers.

Perhaps most problematic of all, both chambers are demanding the right to hold a "vote of approval" before the EC can pass from stage two to the final *stage three of economic* and monetary union. That is a concession the government is desperate not to make, for it could call into question the whole European Monetary Union process.

Treaty makes best-seller

By Alice Rawsthorn in Paris

FRANCE'S bookshops have experienced a sudden surge of sales lately as people *have flocked* to buy books on the whys and wherefores of European union, to help make up their minds on how to vote in the Maastricht referendum on September 20.

"We've been amazed," said Mr Jerome Castelot, manager *of the bookshop* at the Virgin Megastore on the Champs Elysées in Paris. "Some Maastricht books are selling so quickly that we can't get keep up with demand."

The best-seller is the treaty itself, Traité de Maastricht, Mode D'Emploi (How to Use It), a 600-page tome that has already sold more than 55,000 copies. The more accessible Mieux Comprendre le Traité de Maastricht (A Better Under*standing of the Maastricht* Treaty), a 39-page pocket guide, is also going well.

The government has recorded the treaty on cassettes for France's 100,000 blind voters. These carry a notice on European union in Braille and were made available at the state secretariat for the handicapped, where the switchboard operator said: "The phone has not stopped ringing."

Then there is the plethora of books trying to persuade the French to vote Yes or No on September 20. Le Nouvel Observateur magazine this week counted seven tracts from the No camp, four from the Yes, and six were uncommitted.

The titles of the No and Yes tracts are self-explanatory: Notre Europe Sans Maastricht (Our Europe Without Maastricht) by Mr Philippe de Villiers, *the* centre-right UDF party politician who is one of the most active anti-Maastricht campaigners, paints a rosy picture of Europe in general and France in particular if the treaty were rejected.

Trans-Europe Express by Mr Jean-Louis Bianco, social *affairs minister, also predicts a* rosy scenario, if the treat is ratified.

The aesthetics of the books are predictable *too. The* No camp favours the red, white and blue of the French *tricolor* flag; the Yes faction prefers the blue of the EC flag.

Mr Henri Emmanuelli, socialist president of the National Assembly, has sprinkled his book jacket with yellow EC stars and a red *Oui* (Yes).

Most of the Maastricht publishers have spent as little as possible on design, having sensibly concluded that any book about the treaty will probably be unsellable once the polls have closed on September 20.

The big type and generous white space used in some books suggest that they were written in a hurry.

The most successful of the political tracts is De L'Europe et de la France (On Europe and France) by Ms Marie-France Garaud, a prominent conservative, and Mr Philippe Séguin, the Gaullist politician selected to represent the No camp in the television debate with Pres*ident François* Mitterrand on Thursday. Their publishers claim the book has sold 50,000 copies.

IN THE AFFIRMATIVE: Kohl and Mitterrand on screen during French TV's referendum debate

Ukraine claims recovery

By Chrystia Freeland in Kiev

MR Vitold Fokin, Ukrainian prime minister, yesterday claimed that the national economy has begun to pull out of its nose-dive, having grown by 0.5 per cent in the year to July. Such a stabilisation could be contrasted with the large declines in production plaguing other ex-communist *countries in eastern Europe.*

Also, Mr Fokin announced Ukraine is seeking a stabilisation fund of between $6bn-$6.5bn from the International Monetary Fund, which the republic formally joined on Thursday. Ukrainian officials had said they would need $1bn-$1.5bn from the IMF to cushion Ukraine's planned currency, the hryvnia.

In Washington, a Ukrainian delegation to the IMF, headed by Mr Hryhori Piatachenko, finance minister, was reported to have stuck to the lower figure.

Mr Fokin claimed that, in July, production had increased by 0.5 per cent in comparison with July 1991.

He added that, in the next day or two, he will unveil a new "Action Plan for the Economy". He said his programme would simultaneously cut taxes and the budget deficit, but made little mention of privatisation or other structural reforms.

Italy suspends further aid flights to Sarajevo

By Robert Graham in Rome, Laura Silber in Belgrade and Frances Williams in Geneva

THE ITALIAN government yesterday announced the suspension of further humanitarian flights to Sarajevo as evidence mounted that the aircraft which crashed killing its four-man crew near the Bosnian capital on Thursday had been hit by a missile.

Mr Salvo Ando, Italian defence minister, said yesterday after a cabinet meeting: "The most probable thesis is that the aircraft was shot down." The G-222 military transport, flying without any armed escort, was easily identifiable flying at 10,000 feet on a route normally used for humanitarian flights at the time of the incident. It was carrying blankets to some 380,000 people trapped by a five-month Serb siege of Sarajevo.

Mr Ando said this suggested that if the aircraft had been *the subject of an attack, it was* most likely to have come from a missile.

Three of the bodies were recovered by UN rescue teams on Thursday evening while the fourth was recovered yesterday. From Belgrade, there were reports that two eyewitnesses *had said* the plane was hit before it crashed into mountains controlled by Moslem and Croat forces some 20 miles west of the capital. And a local commander of the Croatian Defence Council yesterday *admitted* they had shot at American search and rescue helicopters which had gone to investigate the wreckage.

Mr Ando said humanitarian flights would not be resumed "until we [have] found out what happened and above all who was responsible".

In Geneva, the UN launched an urgent appeal for an additional $434m (£218m) "to avert a looming humanitarian disaster" in the former Yugoslavia this winter. However, the appeal covers less than half the more than $1bn a UN team of experts has said is needed for the period to next March.

UN officials say that hundreds of thousands of people are at risk from hunger, cold and disease in the bitter Balkan winter. More than 600,000 refugees in Croatia have no adequate shelter and over 2m people in Bosnia are living in *war-torn areas, many in homes* without water, heating or even window coverings. Once the first snowfalls come, many mountain roads will be impassable for relief convoys.

Mrs Sadako Ogata, UN High Commissioner for Refugees, who presented the appeal in *Geneva, said* the International community had to act now. "Time is short and thousands of lives are at stake," she said.

The UN call for funds covers "life-threatening priority needs" for the 2.7m people *directly affected* by the conflict in the former Yugoslavia. Half of these are children and the remainder are mostly women, elderly and disabled people. Almost 2m have fled their homes and others remain trapped in cities under siege.

Meanwhile in Belgrade, dep*uties to the federal parliament* debated a vote of no-confidence in Mr Milan Panic, prime minister of the internationally unrecognised Yugoslavia. They accused the outspoken prime minister of betraying Serbian interests at last week's London Conference.

In a lively defence, Mr Panic told deputies to the Socialist-dominated parliament that the London talks had been a turning point for the unrecognised Yugoslavia. The no-confidence motion was proposed by deputies from the Socialist Party and the Serbian Radical Party, *which is headed by Mr Vojislav* Seselj, an ultra-nationalist. Mr Seselj, who yesterday repeatedly attacked the prime minister, is the commander of a paramilitary wing and is known as Serbian President Slobodan Milosevic's favourite politician.

Mr Milosevic has been increasingly isolated after the failure of a bid to oust the prime minister.

Major and Baker adopt stands in Conservative party split

By Alison Smith

MR John Major, the British prime minister, yesterday again defended the Maastricht Treaty and called for a clear Yes in the French referendum, as one of his former cabinet colleagues, Mr Kenneth Baker, entered the Conservative party row over Europe with an endorsement of a No vote.

"I *think it is in our interest* that that answer is Yes. I think it is even more in our interest if it is a resounding Yes," Mr Major said during a political visit to Wales.

"That would be the best outcome of that referendum from the point of view of Europe as a whole and from the point of view of the United Kingdom," he told the Liverpool Daily Post.

Despite his call for the French to approve Maastricht, he admitted that the treaty had defects.

"Everybody has a belief that it is the right way forward but not everybody likes every single part of the treaty," he said.

By contrast, Mr Baker wrote in yesterday's Daily Express that: "The best message for the *voters of France today is: 'Courage, mes braves, votez Non'.*"

He argued that a No vote would not lead to a political or economic crisis, but would give Europe longer to consider what was in the agreement.

He envisaged that it would still be possible to implement those parts of the treaty with which all 12 member states agreed.

Mr Baker gave as examples of possible such areas greater inter-governmental co-operation in dealing with international crime and in foreign policy.

Mr Baker is not the only former senior Conservative minister to express opposition to the Maastricht agreement, but he is the only one still in the *House of Commons, having left* the cabinet only at the election in April.

His intervention comes just a day after Lady Thatcher renewed her criticism of Mr Major's approach to Europe, and just before the prime minister will again underline his personal commitment to the Maastricht treaty at an EC conference on Monday.

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Hurd promises increased EC aid to Somalia

Douglas Hurd: critical of slow response by UN agencies

By Julian Ozanne in Mogadishu

MR Douglas Hurd, the British foreign secretary, yesterday said that the crisis in Somalia was worsening outside the capital and promised the European Community would increase humanitarian aid, concentrate on turning relief into long-term recovery, and help with efforts to re-establish a government in the war-ravaged country.

Mr Hurd, who led an EC troika of ministers on a one-day fact-finding mission to Somalia, also admitted the world had been slow reacting to the crisis. He criticised United Nations agencies, which have not yet established a presence in the country to aid efforts to save up to 1.5m people facing death from starvation and disease. Although he refrained from naming them, Mr Hurd was thought to be referring to the World Health Organisation and the Food and Agriculture Organisation.

Mr Hurd made the comments after four hours in the shell-blasted capital, Mogadishu, observing emaciated infants being fed, visiting a decrepit hospital and meeting aid workers. The EC troika also experienced the chaos and danger of Somalia as gunmen in "Mad Max" customised vehicles zoomed past their UN flagged convoy and an occasional shot was fired in the distance.

At a Save the Children Fund feeding centre for severely malnourished children and lactating mothers, Mr David Shearer, SCF director, told the ministers that the EC should concentrate on expanding emergency relief outside the towns and cities and should plan for the long-term in Somalia, after the "crisis falls off the world stage".

Mr Mohamed Ahmed Noor, the secretary for relief and rehabilitation of the faction that controls south Mogadishu, told Mr Hurd: "A political settlement must go side-by-side with relief. Everybody is fed up and ready to throw away their guns and what we need is for a country like Britain to call us together to talk."

The same point was stressed later after the EC convoy crossed the devastated front line and entered the north of the city, which is controlled by clan forces loyal to Mr Ali Mahdi Mohamed.

Mr Mohamed, who arrived in the looted Range Rover that used to belong to the former British ambassador, said: "Britain, as president of the EC, should help Somalia by giving more aid, by playing a role in peacekeeping operations and by giving us a hand with political reconciliation."

Mr Hurd later reflected much of the advice his mission had been given. He particularly highlighted the need for a long-term recovery programme by the urgent provision of seeds and tools. "The international community should sustain relief after the television cameras have gone," he said.

However, Mr Hurd steered clear of making any commitments on a British or EC role in mediating a political dialogue between the warring factions.

Asked earlier if he was in favour of a UN trusteeship for Somalia, Mr Hurd said he was in favour of an expanded UN presence and administration of Somalia, where the government and civil society have disintegrated. But, he said, trusteeship would not be the right name, since the UN was bound by the sovereignty of states.

Mr Hurd said the 3,500 UN troops expected in Somalia should be deployed with careful consultation with the Somali authorities. "There are risks," he said, "but the troops are needed to make sure the relief effort works." Britain would not contribute any soldiers to the UN force, the foreign secretary said.

Weak consumer demand forecast to hit company profits

Japan's trade surplus soars as strong yen lifts exports

By Steven Butler and Emiko Terazono in Tokyo

JAPAN's current account surplus soared in July to $9.641bn (£4.84bn), 39 per cent higher than a year ago, the Ministry of Finance said yesterday.

The announcement came as researchers at Nomura Securities forecast a bigger than expected fall of nearly 18 per cent in company profits this year, in the wake of static consumer demand.

The rise in the current account surplus marks the 16th consecutive month of year-on-year increases and will add to the growing discomfort of the Japanese government, which has faced sharp calls from its trading partners to bring down the trade surplus.

The current surplus is a record high for the month, with the trade surplus alone, which excludes invisible items such as tourism and insurance, rising from $8,624bn to $11,647bn. It puts Japan on course for record current account and trade surpluses this year.

Imports during the month rose by a scant 0.4 per cent, while exports climbed by 12 per cent. The anaemic state of imports reflects the weak state of domestic demand in Japan because of the slowdown in the economy.

In spite of government efforts over many years to reduce Japan's dependence on exports for economic growth, exports are turning out this year to be an important contribution to GNP growth.

A finance ministry official attributed most of the increase in exports to a rise in the value of the yen compared to a year ago.

Japan once again became a net importer of long term capital in July, amounting to $374m, compared to capital exports of $7.43bn in June.

Japanese net purchases of overseas securities declined sharply from $4.85bn to $1.18bn, with bond purchases falling from $5.06bn to $2.02bn.

Foreigners were net purchasers of Japanese stocks and shares worth $591m, compared to $1.95bn in sales during June.

The forecast of falling company profits by Nomura Research Institute (NRI), the research arm of Nomura Securities, is a bleak revision of its initial prediction of 10 per cent pre-tax corporate profits for the year to March 1993.

Japanese companies had expected a rebound in earnings during the second half of the fiscal year, but are starting to revise down profit forecasts following the prolonged economic slowdown.

An unexpected slump in consumer demand is hitting profits. Although the Japanese government expected stable consumer spending to lead the country out of recession, recent statistics reflect an increasing loss in consumer confidence.

The government's failure to announce its economic support package earlier will also delay recovery. The government last week announced its package, which includes Y10,700bn (£43bn) in public works spending. NRI said the effects of the package are not expected to be felt until next fiscal year.

Delayed rationalisation of operations and increasing depreciation costs were also cited as causes for lower than expected profits. Profits at the electrical machinery and precision instrument sectors are expected to plunge 23 per cent, down from an initial projection of a 7.7 per cent decrease.

The chemical sector is expected to show a 38.6 per cent fall, the financial industry a 12.1 per cent fall, and consumption related companies a decline of 8.4 per cent.

However, for the next fiscal year to March 1994, NRI says the effects of the government's package will be felt, and together with an increase in consumer demand, will lift corporate profits by 8.5 per cent: the first rise in four years.

Former Bulgarian communist dictator Todor Zhivkov, pictured above outside Sofia's courthouse yesterday, was sentenced to seven years in jail after a one-and-a-half year trial, Reuter reports from Sofia. Mr Zhivkov, 80, is the first of a gallery of once feared and powerful Warsaw Pact leaders to be formally charged. Mr Zhivkov, who was convicted for embezzling Lv21.5m (then $24m) from public funds to buy 67 western cars and 72 palatial apartments for relatives and friends, said he was convicted on trumped-up charges and that history would be his true judge.

Ousted in November 1989, Mr Zhivkov's period under house arrest will count towards his jail term.

HK fears crossfire in US-China trade war

By Simon Davies in Hong Kong

HONG Kong would lose $HK35bn (£2.26bn) in trade if the US imposes punitive tariffs on China as a result of its Section 301 investigation, according to the Hong Kong government.

A government report, aimed at alerting the US to the heavy price Hong Kong would have to pay for Washington's trade policy, estimated that 16,600 jobs would be lost and GDP would fall by 0.7 per cent.

The US 301 investigation focuses on Chinese protectionism. On August 27, the administration published a list of $3.9bn-worth of US imports that would be considered for retaliation. Tariffs on these goods would be increased to up to 100 per cent.

The debate appears to have heated up following the US decision to allow the sale of F-16 fighters to Taiwan; but Mr Chau Tak-hay, Hong Kong's secretary for trade and industry, was adamant that this would not sour the discussions.

"These are purely trade negotiations and I do not believe other issues will affect the outcome," he said.

Hong Kong's exports are expected to rise 20 per cent this year from the 1991 level of $98bn.

By comparison, the impact of the US trade action would be to remove more than one-fifth of that growth.

The impact would be even greater if China countered the American moves by restricting US imports.

Mr Chau said the government would present its report to the US administration and he also urged other local trade groups to lobby the US.

He said the longer-term impact on Hong Kong would be far greater than the initial drop in trade.

It would result in "weakening of investment interests by Hong Kong and foreign companies in China, undermining of Hong Kong's role as a gateway to China and major entrepot, and reducing Hong Kong's longer-term potential," he argued.

The deadline for the bilateral trade negotiations is October 10.

China's 'tired' finance minister is replaced

WANG Bingqian, China's finance minister, who presided over a widening budget deficit as Beijing sought to keep sagging state industries afloat, resigned yesterday after 11 years in office, Reuter reports from Beijing.

The official Xinhua news agency said Mr Wang, 67, would retain his position as a state councillor, or member of China's cabinet. The standing committee of China's rubber-stamp parliament approved his resignation, and named former vice finance minister Liu Zhongli, 57, to replace him.

Senior leader Deng Xiaoping, 88, has stepped up his calls for China's old guard to step aside in favour of younger officials since he launched his latest drive for faster economic reform in January.

Mr Wang was known for frank assessments of China's financial situation. From the late 1980s he repeatedly warned of the dangers inherent in funnelling billions of dollars in subsidies into inefficient state industries to preserve their role as the backbone of China's socialist economy.

In his report to parliament in March, he effectively admitted that efforts to shake up state enterprises were floundering when he set the 1992 budget deficit target at Yuan20.78bn (£1.9bn). In 1991, the deficit hit Yn20.26bn, overshooting the target by Yn7.92bn.

Mr Wang attributed the 1991 overrun to "loose management, expenses for over-staffed departments, sightseeing and banquets with public funds, too many subsidies and bonuses." He has said he sees little hope of improvement this year.

China's budget deficit would be Yn58b (£5.3bn) higher under standard international measurements, which count foreign and domestic debt on the deficit side.

While Wang's analysis of China's financial problems may have won him few friends in the huge state sector, it is unlikely political problems were behind his resignation, according to political analysts. Xinhua hinted he was simply tired of the job.

Little is known of his replacement. Mr Liu served as vice-minister of finance in the mid-1980s and became deputy secretary-general of the State Council in 1990.

The committee also removed railways minister Li Senmao, 63, "for reasons of ill health", Xinhua said. His reign over the nation's rail transport system has seen it struggle to keep up with the demands of China's accelerating economic growth. His replacement, Han Zhubin, 60, is a long-time official in China's railways administration.

Collor crisis to grind on

By Christina Lamb in Brasilia

BRAZIL's political crisis now seems unlikely to be resolved quickly as government lawyers believe the intricacies of the impeachment process mean that President Fernando Collor will not face a congressional vote before the end of next month.

The delay is expected to result in a big cabinet reshuffle and a possible change in economic policy towards more growth-oriented strategy in an attempt to win popularity and political support.

Mr Collor is under mounting pressure from his political advisers to drop technical ministers or those "not fully in line with him" in favour of political nominees who could help win Congressional support for the impeachment vote.

Mr Odacir Soares, the newly-appointed leader of the government in the Senate, told the Estado de Sao Paulo newspaper that he expected new ministers to be named within the next few days for important posts, though Mr Ettewaldo Dias, Mr Collor's spokesman, denies that any cabinet changes are planned.

Those most expected to go are Mr Marcilio Marques Moreira, the economy minister, Mr Jorge Bornhausen, the political co-ordinator, and Mr Celio Borja, the justice minister. Although the entire cabinet signed a "pact of governability" pledging to stay on until the end of the crisis, the three are known to now be discussing resigning, dismayed by the delay in the vote.

The impeachment process could be brought forward however if the attorney-general recommends a criminal case against the president for which congressional approval would be necessary. He is studying the results of a three-month congressional inquiry into government corruption.

Township violence reports 'biased'

By Patti Waldmeir in Johannesburg

BIASED reporting of township violence in South Africa is hindering both peace talks and constitutional negotiations, according to the South African Institute of Race Relations, which has published a report detailing what it calls an international campaign of "disinformation" about South African violence.

Organisations such as Amnesty International, the International Commission of Jurists and the South African-based Human Rights Commission "distort the causes of violence", the Institute says. In its 50-page report, it details cases in which these three organisations have "ignored the rules of evidence", elevated allegation to the level of fact and reported evidence selectively.

All three organisations accuse the mainly Zulu Inkatha Freedom Party of being the main perpetrator of political violence, in collusion with the South African police.

But, the report says, they ignore the ANC's role in township violence: it argues that the ANC's policy of rendering South Africa ungovernable in the mid-1980s has left a legacy of violence which is difficult to overcome, and provides evidence that intimidation and coercion often accompany the ANC's mass action campaigns, further fuelling violence.

The report notes that the ANC often relies on the reports of these organisations to substantiate its accusations against Inkatha and the government.

The institute, for its part, argues that it is very difficult to apportion blame for incidents of township violence, noting that of 2,030 violent incidents analysed for 1991, it was impossible to identify the agent of the attack in 87 per cent of cases without relying on "untested allegation or speculation".

"Reports which are seen to be one-sided can easily fan the flames of violence", the report concludes.

Peres says talks best 10 days ever

MR Shimon Peres, Israel's foreign minister Shimon Peres said the latest round of Middle East peace talks in Washington yielded "the best 10 days ever" in Israeli-Syrian relations, Reuter reports from Jerusalem.

The US-brokered talks between Israel and Syria, Lebanon, Jordan and the Palestinians adjourned on Thursday with indications of progress.

"In the 44 years since the founding of Israel there have never been 10 days like these in Syrian-Israeli relations," Mr Peres told Israel Television.

"From the peace standpoint, these have been the best 10 days ever. We sat together, we listened to each other. I cannot say that these 10 days brought peace, but they produced a chance."

Israel has long seen Syria as its most implacable enemy. It has officially been at war with Israel since the Jewish state was established in 1948.

Some Arab delegates expressed disappointment that Israel had not shown more flexibility. "We have seen improvement, as I said, in atmosphere, in tone, in style, but we haven't seen yet that promise in change concerning substantive matters," chief Syrian delegate, Mr Mouwafaq al-Allaf, told reporters.

But Mr Peres, citing Israel's agreement to discuss territorial compromise on the Golan Heights, captured from Syria in the 1967 Middle East war, said: "The Syrians cannot complain that there has been no movement. There has."

The talks had been scheduled to run for a month without a break but the Israelis asked for a 10-day recess to consult their government. Arab delegates said they hoped this meant the Israelis would return with new positions.

Ecuador announces economic reforms

By Raymond Colitt in Quito

THE government of President Sixto Durán Ballén on Thursday announced its long-awaited economic reform measures, which include the privatisation of numerous state-owned enterprises, a cut in public spending, a devaluation of the Sucre, as well as drastic price increases for petrol and electricity.

In a nationally televised speech, the president, who took office less than a month ago, said the measures were aimed at combating persistent inflation, a burgeoning budget deficit and a bloated public sector. "I am not only applying stabilisation measures, but am attacking the basic causes of the crisis," he said.

Ecuador's annual inflation rate has been hovering around 50 per cent for the past three years. The budget deficit stands at $800m, 7 per cent of gross domestic product.

A key element of the economic reform package is the privatisation of 20 state-owned enterprises, including Ecuadorian Airlines. "Other state enterprises will be subject to further analysis," stated Mr Mario Rivadeneira, the minister of finance. "If they do not prove to be operating profitably and efficiently, they will be privatised or put into competition with the private sector," he added.

The government also plans to reduce public spending by 4 per cent, across-the-board. In an act of co-operation, the military announced its support of President Duran-Ballen's reform package and agreed to cost-cutting measures within the military.

The president emphasised his government's intention to propose a balanced budget for 1993 and to halt deficit spending.

Other measures adopted by the government to halt inflation are the devaluation of the Sucre, the national currency, by 20 per cent. One US dollar is now worth 2,000 Sucres.

According to the minister of energy and mining, Mr Andre Barreira, gasoline prices will increase by as much as 300 per cent, while electricity rates will go up by as much as 90 per cent, depending on Kilowatt usage. Following street demonstrations in previous days against austerity measures, Mr Barreira maintained, however, that rates for public transport, used daily by nearly all Ecuadorians, would not be raised.

In an attempt to avoid further popular unrest, the government has announced an increase of 10,000 Sucres to the monthly bonus that all Ecuadorians currently receive in compensation for the rising cost of living. In addition, Mr Rivadeneira announced an extra bonus equal to one month's salary beginning in 1993.

NEWS IN BRIEF

Brundtland fires third of cabinet amid jobs crisis

MRS Gro Harlem Brundtland, Norway's prime minister, yesterday purged a third of her cabinet in a move designed to emphasise unemployment as the government's priority, writes Karen Fossli from Oslo.

Most significant is the appointment of Mr Gunnar Berge as local government minister in charge of labour issues, which was formerly the responsibility of the ministry of labour and administration.

Mr Berge is Mrs Brundtland's closest party political ally and has also strongly backed her strategy to lead Norway into the European Community.

Norway's unemployment, at 7.6 per cent including those on government training schemes, is at a post-war high and has been the single biggest issue undermining Labour support. A general election is due next year.

Sanctions blamed for Libya deaths

United Nations sanctions have cost 150 lives and more than $2bn in lost economic output, Libya claimed at the non-aligned summit, writes William Keeling in Jakarta.

The deaths occurred among patients who could not be treated because of lack of medical supplies who were being taken by land to Egypt or Tunisia.

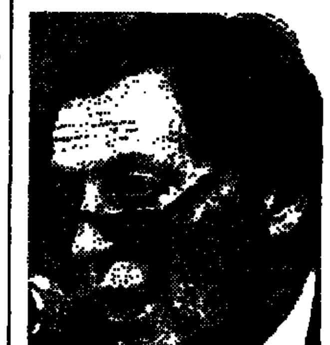
A Libyan document submitted to the summit said the UN ban on flights to Libya had led to big falls in agricultural output.

Western Saharans join in vote

Residents of the disputed Western Sahara were among 11m voters eligible to participate yesterday in a referendum called by King Hassan II to institute limited constitutional reforms, AP reports from Rabat.

The inclusion of Western Saharans was meant to consolidate Morocco's 1975 annexation of the former Spanish colony. King Hassan claims the territory was part of Morocco for centuries before Spain and France colonized north-west Africa.

The reforms, widely expected to win approval, would retain the powerful monarchy but strengthen some of parliament's powers.



Arthur Dunkel yesterday: Seoul urged to lift ban

Dunkel plea on Korean rice

South Korea should end its ban on rice imports and allow outsiders to supply up to 5 per cent of national consumption, Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, said yesterday during a visit to Seoul.

Seoul has come under strong international pressure to lift the ban to help conclude the long-stalled Uruguay Round of Gatt talks, multilateral negotiations on world free trade.

Bofors ruling is reversed

The Indian Supreme Court yesterday suspended a judgment by the Delhi High Court which would have halted investigations into the Rs14.5bn (£260m) Bofors arms scandal, writes Shiraz Sidhva in New Delhi.

The move ensures that six secret Swiss bank accounts frozen with the help of the Swiss authorities, are not unfrozen, following the High Court's ruling that there was nothing proven against Mr Win Chadha, the former Bofors agent in India, and 13 others accused of receiving bribes from the Swedish arms company for a large order in 1987.

NEWS: UK

New cars at Bruntingthorpe airfield, Leicestershire: the motor industry had hoped that August would mark the end of the three-year decline in demand, but sales rose by only 1.7 per cent
Ashley Ashwood

Car sales fail to recover

By Kevin Done,
Motor Industry Correspondent

SALES of new cars in August showed "very clearly that there is no underlying recovery in demand," according to Professor Garel Rhys, professor of motor industry economics at Cardiff Business School.

"It would be a very brave man who forecast any significant recovery before the last quarter of 1993," he said.

UK new car sales peaked at 2.3m in 1989, but Prof Rhys warned that sales were unlikely to reach 2m again before 1996.

The motor industry had hoped that August would mark the end of the three-year decline in demand for new cars, but sales rose by only 1.7 per cent. The month traditionally accounts for between a fifth and a quarter of annual new car sales, due to the change of registration prefix.

Ford, UK new car market leader, expects sales in the whole of 1992 to total only 1.55m, a 2.5 per cent decline from 1.59m last year.

According to figures released by the Society of Motor Manufacturers and Traders new car sales in the first eight months of the year at 1,175,600 were still 2.5 per cent lower than a year ago.

Registrations have fallen by 32.7 per cent in the last three years, the steepest decline in the post-war period.

Sir Hal Miller, SMMT chief executive, said that "a change in public perception of the prospects for the UK economy is the only remedy" for a recovery.

Both Ford and Rover are being forced to cut output on several of their UK assembly lines because of weaker than expected demand in the UK and in export markets.

New commercial vehicle registrations in August rose by 9.5 per cent to 31,704. The increase was "from a disastrous base", however, Sir Hal said.

In the first eight months of the year new commercial vehicle sales at 142,098 were 6 per cent lower than a year ago. Sales have fallen by 46.5 per cent in the last three years.

Rover, the subsidiary of British Aerospace, lost further ground in August with a 10.2 per cent fall in sales volume and was ousted from third place by the Peugeot group, which includes Citroën.

Rover's market share last month declined to only 11.1 per cent from 12.6 per cent a year ago, while the Peugeot group boosted its share to 12.9 per cent from 11.7 per cent.

Rover still remains narrowly ahead of the Peugeot group for the first eight months, however, with a share of 12.3 per cent – down from 14.4 per cent a year ago – compared with the 12.1 per cent captured by the French car maker.

Citroën made the biggest gains last month among the volume carmakers with a 25.7 per cent jump in sales compared with the 1.7 per cent rise in the overall market.

Both the Peugeot group and Renault have made significant gains this year with Renault's sales volume rising by 18.9 per cent in the first 8 months.

Ford, the UK market leader, halted the erosion of its market share in August with a 9.9 per cent jump in sales volume, although its sales for the first eight months are still 6 per cent lower than a year ago.

Volkswagen, which was involved in heavy price-cutting a year ago, was another casualty last month. It suffered a 28 per cent drop in sales, which it blamed on a shortage of supplies from Germany of the new generation Golf, its best-selling car.

UK CAR REGISTRATIONS – JANUARY-AUGUST 1992

	August 1992			Aug' 91	January-August 1992			Jan-Aug' 91
	Volume	Change%	Share%	Share%	Volume	Change%	Share%	Share%
Total market	373,804	+1.7	100.0	100.0	1,175,600	−2.5	100.0	100.0
UK produced	161,193	+6.6	43.1	41.1	521,834	−1.6	44.4	44.0
Imports	212,611	−1.8	56.9	58.9	653,766	−3.1	55.6	56.0
Japanese makes	47,691	−1.5	12.8	13.2	138,675	−2.3	11.8	11.8
Ford group	89,403	+9.8	23.9	22.2	274,449	−5.7	23.4	24.2
– Ford	87,997	+9.9	23.5	21.8	270,283	−5.7	23.0	23.8
– Jaguar	1,406	+9.1	0.4	0.4	4,166	−7.7	0.4	0.4
General Motors	59,169	+2.0	15.8	15.8	205,384	+3.4	17.4	16.5
– Vauxhall	56,888	+1.9	15.2	15.2	197,860	+3.6	16.8	15.8
– Lotus	105	−50.2	0.0	0.1	412	−48.8	0.0	0.1
– Saab*	2,176	+9.3	0.6	0.5	7,092	+4.4	0.6	0.6
Rover**	41,582	−10.2	11.1	12.6	145,057	−16.6	12.3	14.4
Peugeot group	48,085	+11.4	12.9	11.7	142,505	+12.6	12.1	10.5
– Peugeot	29,072	+3.6	7.8	7.6	93,831	+8.7	8.0	7.2
– Citroen	19,013	+25.7	5.1	4.1	48,674	+21.0	4.1	3.3
Volkswagen group	23,418	−19.8	6.4	7.9	73,655	−12.9	6.2	7.0
– Volkswagen	15,756	−28.0	4.2	5.9	48,106	−21.6	4.1	5.1
– Audi	3,291	+11.9	0.9	0.8	13,178	+16.6	1.1	0.9
– SEAT	2,313	−11.1	0.6	0.7	6,140	+4.3	0.5	0.5
– Skoda†	2,058	+14.4	0.6	0.5	6,231	+3.8	0.5	0.5
Renault‡	17,901	+14.4	4.8	4.3	55,404	+18.9	4.7	3.9
Nissan	17,698	+3.7	4.7	4.6	51,905	−3.1	4.4	4.4
Volvo‡	9,948	−1.7	2.7	2.8	33,499	−7.5	2.9	3.0
BMW	10,512	+7.1	2.8	2.7	31,051	+10.9	2.6	2.3
Toyota	10,141	−14.3	2.7	3.2	28,469	−8.2	2.4	2.6
Fiat group	10,971	+5.0	3.0	2.9	27,132	−11.8	2.2	2.5
– Fiat	10,237	+7.7	2.7	2.6	24,992	−7.0	2.1	2.2
– Lancia	184	+10.8	0.1	0.1	484	−55.2	0.0	0.1
– Alfa Romeo	550	−29.6	0.2	0.2	1,656	−41.4	0.1	0.2
Honda	6,926	+12.2	1.9	1.7	20,018	+4.9	1.7	1.6
Mercedes-Benz	4,925	+6.0	1.3	1.3	16,538	+6.5	1.4	1.3

*GM holds 50% of Saab Automobile and has management control ** Includes Range Rover/Discovery Honda holds 20% of Rover †VW holds 31% of Skoda and has management control. ‡Renault and Volvo are linked through cross shareholdings.
Source: Society of Motor Manufacturers and Traders

National Power in deal to sell gas

By Neil Buckley

NATIONAL POWER, the privatised electricity generator, said yesterday it had signed a deal with Bord Gais Eireann, the Irish Gas Board, to supply it with natural gas in the event of unexpected shortfalls.

The generator is ready to supply BGE with up to 1.2m therms of gas a day at short notice in times of high demand. The five-year agreement – the first of its kind – begins in autumn next year.

Gas will be supplied from National Power's portfolio of supplies using British Gas's transmission network to Moffatt, in Scotland, from where it will be delivered through the interconnector pipeline being constructed beneath the Irish Sea.

Mr John Baker, National Power's chief executive, said: "This agreement is an example of the value of international co-operation in relation to energy supplies, which we believe could be enhanced by increasing liberalisation of energy markets."

The deal is further evidence of increasing crossover between the electricity and gas sectors since the government's energy privatisation programme. Rival generator PowerGen already has an interest in gas marketing through Kinetica, a joint venture with oil company Conoco.

Several regional electricity companies have also formed joint ventures with gas producers. Enron, one of the largest gas companies in the US, which is part of a consortium building a gas-fired power station at ICI's Wilton site in Teesside, signalled its intention last month to become an important gas marketer by buying up gas interests in the North Sea.

National Power said yesterday it was "looking at all opportunities" for marketing more of its gas.

"We have a programme of building gas-fired power stations, and have built up a strong portfolio of gas supplies, so the marketing opportunities are there."

National Power acquired a small quantity of gas in June through British Gas's release programme – in which BG is selling off some of its contracted gas to competitors to reduce its share of the industrial market. The generator said it would use this to gain marketing experience.

Meanwhile, the gap between UK gas prices and those in Europe continues to widen, according to the quarterly survey of prices carried out by consultants Energy Advice and British Gas.

The UK's 18m household gas customers pay 8 per cent less than those in Netherlands, 27 per cent less than in the former West Germany, and almost 50 per cent less than those in Italy.

The figures are based on prices at the beginning of July this year, and do not take account of the further 2 per cent cut in prices that will come into effect on October 1.

NHS managers' wage bill soars

By Alan Pike,
Social Affairs Correspondent

MRS Virginia Bottomley, the health secretary, yesterday defended increases of more than 900 per cent in salary costs of national health service managers over the past five years.

Critics of the government argued that the increases proved NHS reforms were adding to costs rather than directing resources to patient care.

Department of Health statistics show that general managers' salary costs rose from £25.6m in 1987 to £251.4m last year. This is a much sharper rise than for other groups of NHS employees – the medical staff salary bill rose by about 50 per cent over the same period.

Mrs Bottomley said that for every £1 spent on managers the NHS spent £43 on health professionals, and that compared with other organisations the service was still "relatively light" on managers. But, she said, it needed good managers and the employment of more managerial staff had led to cuts in waiting lists.

The NHS did not begin introducing a conventional management structure until the mid-1980s, and there are now far more staff in managerial grades. The number of people classified as general and senior managers rose from 700 in 1987 to more than 13,000 last year.

The bulk of the sharp rise in the managerial salaries bill took place in 1990 and 1991 – the period in which the government's health reforms were being introduced.

Some of the increase undoubtedly represents the more competitive market salaries being offered by trust hospitals and health authorities to attract chief executives, finance directors and other senior staff. Health department officials say, however, that most of the rise can be accounted for by existing NHS staff – such as nurses with managerial responsibilities – being transfered to the management payroll.

Mr David Blunkett, shadow health secretary, said it was an "absolute disgrace" that the commercialisation of the health service was leading to public money being spent on higher salaries for senior managers rather than the care of patients.

Swan wins order for Tyne ferry

By Chris Tighe

SWAN HUNTER, the Tyneside shipbuilder, announced yesterday that it had won an order worth almost £1.4m for a new cross-Tyne ferry.

The 200-tonne vessel's size is very modest by warship builders' standards, but Swan's success in clinching the contract signals the company's entry into the small ships market, where it hopes to win further work.

Swan Hunter Engineering, part of the Wallsend-based group, overcame stiff competition from six UK yards and one in Germany. It will be the smallest vessel to be built by the company since privatisation it was privatised in 1986.

The new Tyne ferry will be among the first to incorporate new safety measures developed by the Department of Transport following the sinking of the Marchioness on the River Thames in London in 1989, in which 51 people died.

The contract, placed by the Tyne and Wear Passenger Transport Executive, will provide work for 40 men for eight months. Work starts next month. It will not stave off job losses at Swan Hunter.

House sales rise fades fast

By Andrew Taylor,
Construction Correspondent

HOUSE SALES soared for 48 hours last month as buyers rushed to beat the deadline for the reimposition of stamp duty on August 19.

Wilson Bowden, the Midlands-based housebuilder, has estimated that it earned almost 8 per cent of this year's expected turnover in two days. Other housebuilders have reported similar increases.

In the week to August 19, Persimmon, the seventh-largest housebuilder in the UK, sold 92 homes – double its normal average. The rise was short-lived, however. The following week the group's sales slipped back to 24, or half its normal rate.

Many builders, which are spending hundreds of millions of pounds on special offers and incentives in an effort to stimulate sales, report that sales have sagged again since the end of the stamp duty "holiday" on homes worth up to £250,000.

Housebuilders' advertisments in local newspapers are full of offers of part-exchange deals, low-cost mortgages, offers of removal and legal costs as well as money-off and holiday vouchers.

Such offers provide the clearest evidence that recovery in the housing market is as far away as ever.

Mr Duncan Davidson, chairman of Persimmon, estimates that selling costs had risen since the late 1980s – thanks mainly to increased sales incentives – from £1,500 to £5,000 a home. That was equivalent to an additional £8m a year off the company's pre-tax profits, he added.

Sales would normally increase after the the school summer holidays, but few builders expect any recovery in before next spring. House prices, which have fallen by up to 30 per cent in East Anglia and 25 per cent in south-east England, will take even longer to recover and are unlikely to show any significant increase until 1994.

Builders are unlikely, therefore, to reduce the level of incentives on offer to would-be buyers. That is in spite of a last-minute rush to take advantage of stamp duty concessions.

Wilson Bowden, which this week announced a fall of 33 per cent in first half pre-tax profits to £10.1m, said it sold 100 homes worth about £8m during the 48 hours before the stamp duty "holiday" ended.

Before that the group had been averaging about 25 sales a week. The gain, however, was brief, with the company selling only a dozen houses in the week after the end of the concession.

Although other builders have recently reported a short-lived increase in sales in the middle of August, the overriding view remained that there had been no let-up in the recession.

Mr John Low, managing director of Ideal Homes, part of the Trafalgar House construction, property, shipping and hotels group, said: "The end of the stamp duty 'holiday' had virtually no effect apart from bunching-up of legal completions."

He appealed to the government to abolish stamp duty and raise mortgage tax relief to help the housing market. He said parts of the market in southern England and East Anglia had been in recession for the best part of four years.

Builders fear that unless help is forthcoming, house sales will continue to languish in spite of the growth in special deals and offers.

HOUSE PRICES fell last month according to figures published yesterday by Halifax, the country's largest building society, Andrew Taylor writes.

The society said prices fell on average by 0.7 per cent last month compared with July, when there was a 0.4 per cent fall.

"There are still no signs of any recovery in the housing market," Halifax said. "If interest rates remain at around current levels there is little likelihood of house prices recovering before next year."

The society warned that any rise in the market would be muted next year unless the national economy started to recover. Halifax said that prices in real terms, after allowing for seasonal variations, fell only 0.3 per cent last month. Nonetheless prices had been 5.4 per cent lower than in August last year.

The society's figures also showed a sharp fall last month in the price of new homes which were 1.1 per cent lower than in July. That followed increases of 0.8 per cent and 1.1 per cent in the previous two months.

The latest round of reductions may reflect the renewed concern of builders to generate sales in a very difficult market although Halifax warned against reading too much into a single month's figures.

Gill hits back over £50,000 payment

By David Goodhart,
Labour Editor

MR KEN GILL, who retired last week as general secretary of MSF, the general technical union, yesterday hit back at critics who accused him of hypocrisy by accepting a lump-sum leaving payment of more than £50,000 on top of his pension of two thirds of his final salary of £55,000.

Several other union leaders have recently received even more generous pay-offs, sometimes related to leaving early, and usually as a result of generous clauses for officials in union merger agreements.

Mr Gill, who was also a past chairman of the TUC's equal rights committee, said that the payment to him was based on a formula of 1.5 per cent of salary for every year's service which applied "to all staff and officials of MSF".

When the union was formed out of the merger of ASTMS, the white-collar union and Tass the technical union, in 1988, all Tass staff – plus Mr Gill the general secretary – received the superior benefits enjoyed by ASTMS, including the leaving payment formula.

Mr Gill is also keeping his Ford Scorpio car but says that he chose a second-hand one, saving the union £12,000.

He believes that the news of his retirement terms have been leaked by his political enemies in the union which has now been taken over by Mr Roger Lyons, widely regarded as more of a pragmatist.

Mr Gill said that if he had left a year or two early he could have picked up a payment much higher even than the £220,000 received by Mr Clive Jenkins, former leader of ASTMS, who left before official retirement.

Other high payments in recent months include the £148,000 paid to Ms Brenda Dean, 49, who left the print union GPMU under a special agreement arising from the merger which produced GPMU from the two main print unions.

Mr Roy Evans, leader of the ISTC steel union, also received a leaving payment of about £100,000.

Although the health of trade union finances has recently improved slightly following a severe deterioration in the late 1980s, most unions have been forced to make painful cuts and increase member's subscriptions sharply.

Six of the 10 biggest unions, including the MSF, performed better in 1991 than 1990 and all six produced a surplus.

Timeshare holiday operator sheds jobs and halts high-pressure sales promotions as recession bites

Travel group closes office

By Richard Evans

HOLIDAY Ownership Exchange, a UK-based timeshare holiday operator, has closed its main office in central London because of the impact of the recession on sales.

The office has been operating since 1985, and the hard-sell tactics of its staff has helped make the company one of Europe's most successful timeshare operators. The lease on the large Leicester Square premises was due to expire at the end of September.

The operation has had a chequered history following complaints from customers about hard-sell tactics, but the reasons for the closedown were economic, according to Mr Ray Rantell, managing director. "It is a matter of mortgages and jobs. People are just not willing to make a financial commitment," he said.

People had still come forward for the presentations at Leicester Square, but had been unwilling to sign up. "The high cost of running such a big operation in the West End is no longer economic. That era, sadly, has come to an end."

The company will continue to run its 600-apartment Clube Praia da Oura holiday complex near Albufeira on Portugal's Algarve coast, which has 14,000 timeshare members, and timeshare holidays will still be marketed in Europe and through alternative outlets in Britain.

There will be around 150 full-time job losses including 140 staff at the company's marketing office at Ilford, Essex and 12 sales administration staff at Leicester Square. In addition, a further 70 self-employed sales consultants will lose their jobs.

Other staff from Leicester Square who handled member support services are being relocated to Ilford.

Mr Rantell's regret at the closure will not be shared by many of his customers who faced a two-hour sales pitch at the Leicester Square office. Hundreds of complaints were made by people who had received unsolicited mailshots saying they had won valuable prizes, provided they attended the presentation.

They were then subjected to a high-pressure sales promotion before discovering that their "prize" was not always what they had been led to believe.

The Office of Fair Trading issued a statement in 1990 threatening to take legal action against the company because of misleading advertisements, and the organisation agreed to change its marketing practices.

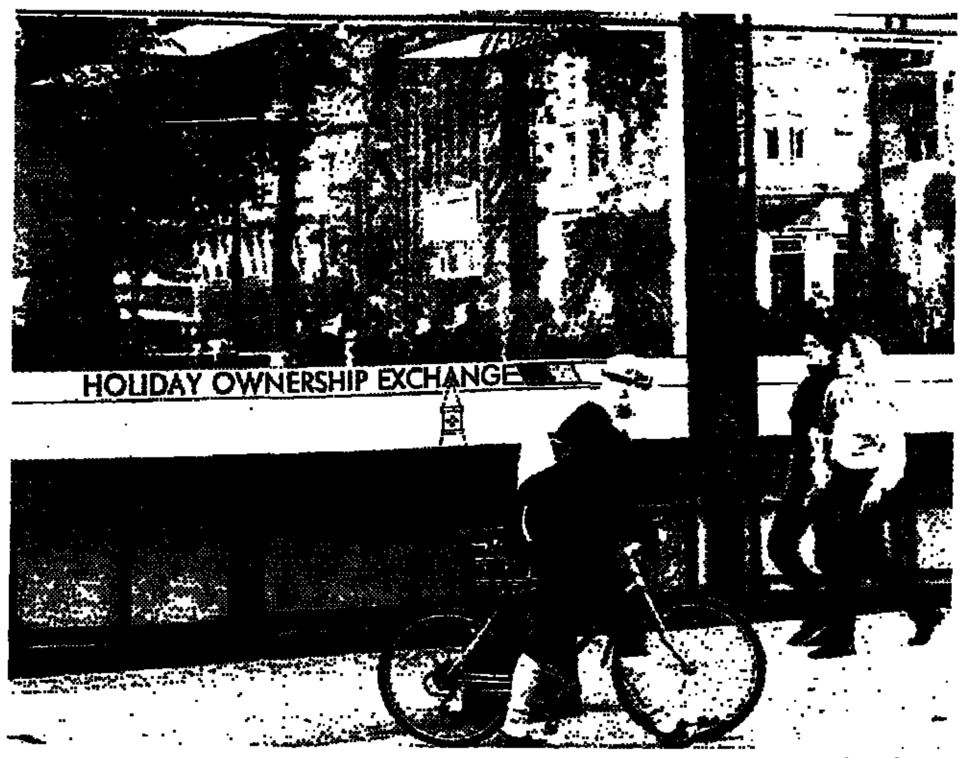
More recently, the company has been the subject of investigation concerning a 'win-a-car' promotion at London mainline rail stations which required detailed personal information.

Mr John Lamidey, assistant data protection registrar, said he had launched an investigation into the campaign following complaints from members of the public.

"When data to be stored on a computer is gathered, the subject has to be made aware exactly who is gathering the data, for what purpose it is to be used and whether it will be disclosed to a third person. On the face of it this promotion meets none of those criteria," he said.

Complaints were also received by the Advertising Standards Authority.

Mr Rantell said the promotion had been stopped, together with all other promotion campaigns in Britain. However, Holiday Ownership Exchange would continue its travel club, newsletter and exchange scheme.



Ashley Ashwood

The closed offices of Holiday Ownership Exchange in Leicester Square, central London, yesterday

Names look to reports for help

LLOYD'S NAMES who have suffered multi-million pound losses from catastrophe reinsurance believe evidence from a Lloyd's investigation will help them win compensation, Richard Lapper writes.

The interim report into the losses of Devonshire syndicates 216 and 833/834, prepared by a a committee headed by Mr Anthony Blake of accountancy firm Neville Russell, is one of several being prepared by Lloyd's to examine the losses of syndicates which participated in spiral reinsurance, in which syndicates and companies reinsured each other's catastrophe losses.

Names, the individuals whose capital supports the Lloyd's insurance market, have suffered heavy losses from spiral reinsurance business.

Lloyd's expects to disclose details of three other reports – into the Feltrim, Gooda Walker and Rose Thomson Young syndicates over the next four months.

The Devonshire report alleges underwriters bought inadequate reinsurance and that the former board of the Devonshire agency failed "to properly discharge its responsibilities".

Mr Christopher Stockwell, a Devonshire Name and leader of the Lloyd's Names Association Working Party, which links Names' action groups of loss-making Names, described it as "utterly damning".

During 1989 and 1990 losses by Devonshire syndicate 216 amounted to £338m compared with a stamp capacity (or capital base) of £43.4m, while the losses of syndicate 833/834 amount to £151m, compared with a stamp of £43m.

The report says both syndicates have had difficulty in making recoveries from reinsurers.

Berkertex appoints receivers

BERKERTEX Holdings, the clothing manufacturer and retailer, yesterday appointed receivers. The company, based in Milton Keynes, Bucks, and the west end of London, employs 1,200 people and operates 250 retail outlets. It has an annual turnover of about £40m.

Mr Christopher Morris and Mr Roger Powdrill, of Touche Ross, were appointed receivers.

"Trading is continuing while we assess the position," they said.

Lecturers reject 3.9% pay offer

REPRESENTATIVES of more than 22,000 lecturers in the new universities yesterday *rejected a pay offer of 3.9 per* cent made by the institutes of higher education.

Natfhe, the lecturers' union, and the Association of University and College Lecturers will ballot their members over whether to withdraw from lecturer appraisal schemes and whether they would support strike action.

Glasgow weekend paper launched

THE Weekend Times, claimed to be Britain's first "weekend paper" is to be launched in Glasgow today.

The paper is published by Outram, owner of The Herald and the Evening Times, which were sold by Lonrho to a management buyout in June.

Oftel probes BT telex charges

By Hugo Dixon

OFTEL, the telecommunications regulator, is investigating whether large increases in British Telecommunications' telex charges are justified.

The move follows complaints from users about a 20.7 per cent increase in telex line charges which is to start next month.

Mrs Vivienne Peters, executive director of the Telecommunications Users' Association, a leading user group, said yesterday that the rise in charges was "totally unacceptable".

BT defended the increase in its basic telex line charge from £352 to £425 a year on the grounds that it needed to bring charges into line with costs. It added that there had been no rise since 1984.

Telex is a declining service because many users find it more convenient to use faxes for messages. BT said that, as usage has declined, unit costs had risen. But it refused to say whether telex was profitable.

Oftel said it had asked BT for information about the cost of providing the telex service. The regulatory body's preliminary view is that the rise is justified. Oftel has no direct control over BT's telex charges, but the regulator is entitled to object to rises.

Telex is still used extensively, particularly in the export-import business since many developing countries are not fully converted to fax. Moreover, telex messages, unlike fax ones, are legally binding.

Reform of milk board attacked by dairies

By David Blackwell

PLANS TO turn the 60-year-old Milk Marketing Board into a single voluntary co-operative were strongly attacked yesterday by the Dairy Trade Federation, which represents creameries and dairies.

Mr Brian Smith, president of the DTF, said he could not understand how a government that believed in a free market could be in favour of the co-operative proposal. The federation has sent its views to the Ministry of Agriculture.

The federation's reaction is the latest setback in the long process of reforming the board, which represents nearly 30,000 dairy farmers in England and Wales. Less than two weeks ago the federation and board failed to agree on plans to reform the pricing system for milk used in manufacturing.

Mr Smith said the federation approved of the board's proposal to float Dairy Crest, its wholly owned subsidiary which has a 25 per cent share of the British market for manufactured dairy products. But it disagreed with the board keeping its assets, which would be "disguised incentives" to attract farmers to the co-op.

"The proposals from the MMB tend towards replacing a statutory monopoly with a private one," he said.

The government is expected to publish a bill soon to reform the board. Final revocation of the board scheme would follow in 1994.

Trustee to interview Kevin Maxwell next week

By Andrew Jack

ACCOUNTANTS will be able to put together a more comprehensive picture of movements of money from the empire of the late Robert Maxwell as a result of the bankruptcy order against Mr Kevin Maxwell, his son, it emerged yesterday.

Mr Peter DuBoisson, a partner with accountants BDO Binder Hamlyn who was appointed trustee in bankruptcy to Mr Maxwell on Thursday, said he intended to question "as many people as required" to help identify the assets.

He said he would be interviewing Mr Maxwell early next week.

He also expected to hold a meeting with creditors later this month to select a committee and to appoint Mr Phillip Sykes, a colleague, as joint trustee.

Under his powers as trustee, Mr DuBoisson can interview anyone who might have information on the assets which Mr Maxwell may own.

This may include individuals such as Mr Maxwell's wife, his brother Mr Ian Maxwell, and his mother Mrs Elizabeth Maxwell, as well as advisers to the companies of which Mr Kevin Maxwell was a director.

Mr DuBoisson's role is to identify and realise for creditors existing assets and any which have been disposed of by Mr Maxwell in the last five years.

He said he did not expect monies owed to other creditors to take the claims against Mr Maxwell above £500m and stressed that he would be working with existing accountants to minimise the costs of his appointment.

Mr Neil Cooper, head of insolvency at Robson Rhodes, who is tracing funds taken from Maxwell pensioners as liquidator to Bishopsgate Investment Management, manager and trustee of the Maxwell pension funds, said he was pleased the bankruptcy petition had succeeded.

"We know what assets there were about two years ago, but it is important that we can reconcile where they have gone," he added.

"We must be satisfied that all the puddles of wealth have been accounted for."

The High Court has yet to rule on a claim brought by Mr Cooper against Mr Ian Maxwell for £400m which could bankrupt him if his defence is rejected.

Kevin Maxwell, with his daughter Eloise, leaves his local pub at Ipsden, Oxfordshire, yesterday

Rules on bankruptcy are the great leveller

Andrew Jack on the increase this year in personal insolvencies

THE RICH may have farther to fall, but once they become bankrupt those concerned – from Thursday including Mr Kevin Maxwell – are subject to the same rules as everyone else.

Mr Maxwell and Mr Asil Nadir, founder of Polly Peck International, are two of the most recent high-profile individuals to become bankrupt.

Earlier this week, Lord Beaverbrook, the former Conservative party treasurer, staved off bankruptcy with the court *extending him protection from* his creditors who are owed nearly £1m.

But behind the financial difficulties of these businessmen lie problems facing many thousands of ordinary people who have become bankrupt this year alone.

Mr Nigel Halls, a partner with Cork Gully, the insolvency arm of accountants Coopers & Lybrand, says bankruptcy can be the result of an individual who either has liabilities which exceed assets, or who does not have the cash to service debts in the short-term.

Statistics released last month by the Department of Trade and Industry for the first half of 1992 show 18,389 people were declared bankrupt in England and Wales, and 5,578 in Scotland. That represented a jump of 60 per cent and 52 per cent respectively on the same period last year.

Separate figures from the Lord Chancellor's Department show that individual bankruptcy petitions in the courts in England and Wales – which register more quickly than the DTI figures and do not always result in bankruptcy – increased by 43 per cent to 23,032.

The future looks no less gloomy. Cork Gully estimates that there will be 50,000 individual bankruptcies for the whole of this year. Many thou*sands more are still bankrupt* from previous years.

The recession has obviously caused an increase in bankruptcies as people have lost their jobs, found mortgage payments beyond their means and suffered rising interest rate charges on credit-card loans and other forms of debt.

However, Mr Halls says: "Bankruptcy is no longer the stigma it used to be." People have shaken off the image of the debtors' prison and increasingly see the procedure as a realistic way to cope with mounting debt.

At the same time, many practitioners point a finger at the government's insolvency service. Underfunding, combined with the increased volume of work in the last few years, has lead to less scrutiny of a bankrupt's affairs than used to be the case.

Bankruptcy under English law can result from two sources: debtors' *petitions*, which are brought by the individual and comprise nearly two-thirds of the total this year, and creditors' petitions, which are brought by others owed money by the individual.

A petition is lodged with a county court or the High Court and if it is not challenged, a bankruptcy order is issued by the judge.

If there are assets which can be recovered, a trustee in bankruptcy will be appointed. Otherwise, an official receiver from the government's insolvency service is appointed.

The trustee sets about investigating and realising the bankrupt's assets, and has the right to question others with knowledge of the assets.

Any assets against which there are charges – such as *mortgages – go to the* "secured" creditors. Preferential creditors, including the Inland Revenue and the trustee himself, must then be paid in full. Any remaining money is distributed between the other creditors.

Bankrupts can keep a normal working salary or state benefits on which to live after the order is in place but any windfall gains can be realised by the trustee with the approval of the court. They cannot be a director or manage the affairs of a company, stand for public office, or incur credit above £250 without declaring their status.

Those with debts below £20,000 are normally discharged from bankruptcy after two years. Those with debts above this level are typically discharged after three years. Once discharged, creditors have no right to make claims on any money the bankrupt makes.

However, if the official receiver objects to the discharge – which may be because the bankrupt refuses to co-operate, does not comply with the procedures or is found to have committed fraud – the period can be extended indefinitely.

Warburg sets alarm bells ringing

Jane Fuller, Tim Burt and **Sara Webb** on the market-making problems of smaller companies

S.G. WARBURG'S decision to cease making a market in 362 stocks has created some alarm among the 90 companies whosestocks risk being dropped from the main market to the Stock Exchange's relatively new Bulletin Board, which provides information to help match buyers and sellers of the shares of illiquid smaller companies.

Those facing relegation to the Bulletin Board are left with only one market maker after Warburg's withdrawal – they have two weeks to find a replacement.

Mr Paul King, chairman and managing director of Property Partnerships of Norwich – one of the 90 – was shocked by the Warburg decision. "We are a highly respectable and highly solvent company. We have been quoted since 1962.

"It's come as a complete surprise. Operating on the Bulletin Board is easier said than done. We don't have the resources to buy the company to go private. I don't know what to do."

His concern was echoed by Mr David Frame, chief executive of Usborne, manufacturer of animal feed, who said: "Warburgs haven't been the least bit of good for us.

"The market they've made has been so small it hasn't been worth it. Their failure really shows that the stock exchange is failing to deal with illiquidity of company stocks."

Mr Frame said when Lord Parkinson, the former government minister, joined the board, he had to wait two months before he could buy shares, eventually buying through another broker.

"Warburgs were unable and unwilling to make a market." Mr Frame added.

Mr Harry Lambert, chief executive of Adscene, a printing and publishing company, said: "We have not been told about it by Warburg and I think that is rather discourteous of them."

He was hopeful of finding a replacement. If the hunt proved unsuccessful, "it may defeat the object of being a listed company".

He admitted there was not much liquidity in the shares – he owns 51 per cent and other directors a further 20 per cent. "But we became a listed company so that we could be more liquid."

The timing of Warburg's announcement could not have been worse for Adscene. "We announce our final results on Tuesday and normally trade livens up after that. It will be annoying if there is less activity in our shares next week."

Mr Brian Winterflood, managing director of Winterflood Securities, which specialises in making markets for smaller companies' shares, said many of the 90 companies would feel they had been "virtually delisted and they could not raise money [equity finance] with that sort of status.

"These companies paid a great deal of money to get a quote and now they are being driven back into the clutches of the banks."

He favoured modifications to the system to help the market maker in smaller companies, and so stimulate liquidity.

The Stock Exchange stressed that companies were not being delisted. They still had access to the full range of capital-raising methods.

Mr Andrew Beeson, at stockbrokers Beeson Gregory, which has four clients left with only one market maker, said the Warburg move was part of a trend towards an order-driven, as opposed to quote-driven, market in less liquid securities.

"The vast majority of trade in smaller companies is not through market makers, but through people like ourselves who talk to investors about buying and selling and then work at matching the business."

He did not think that a company's ability to raise money by issuing shares would be affected.

The Stock Exchange said that it could not make companies liquid, nor could it interfere with the commercial decisions of its members. "We can only provide an alternative mechanism where market makers feel they cannot commit the necessary capital."

For those companies facing a move to the Bulletin Board the advantages included: orders displayed that may enable an immediate trade; an order could be posted to attract takers; prices were indicated; the broker was named and it was well placed to know who was interested in doing business.

The Exchange said it was reviewing market structures and proposals were expected before the end of the year.

Farmers to invest in urban invasion

By Paul Cheeseright, Midlands Correspondent

FARMERS from the Shropshire village of Wem have decided they might make a better living by coming out of their rural hideaways and staging an urban invasion.

Led by Mr David Hurren, secretary of the local branch of the National Farmers' Union, 12 of them are contemplating an investment of £5m to take the business of the land to the doorstep of townsfolk in the west Midlands or the north-west of England.

They plan to buy a farm of up to 250 acres on the edge of one of the conurbations, work it as a model rural enterprise, set up craft units and a teaching centre and then a shopping complex to sell its products and those of other farms.

Such shops would not be like normal farm shops – "not cobbled together with string and tacks" – Mr Hurren hastened to assure. But they would cock a snook at the power of the supermarket chains.

"You can't beat them at their own game," Mr Hurren explained. "You can't join them at it. But there may be a way to slip in between them."

The plan gives a new slant to rural diversification: the scramble for farmers to find means of compensating for diminishing subsidy income from the European Community. "The difficulty we have found is that farmers want to do things in their own backyard," Mr Hurren said. "But you've got to go to where the market is."

Preliminary research for a feasibility study by Venture Business Consultants of Shrewsbury indicates that the idea has proved successful on a smaller scale. "We'll need some venture capital," Mr Hurren said, but at this stage he does not know how much.

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Putting a floor under markets

FOR THOSE whose first experience of markets was gained under the Bretton Woods fixed exchange rate system, the events of the past week on the European exchanges will have looked thoroughly familiar. In the argot of central bankers, fixed rate systems make the financial system crunchy; and the best insurance that governments can take out against a financial crunch is policy credibility. Within the European exchange rate mechanism Britain, with its well-judged £7.3bn foreign currency borrowing package on Thursday, had just enough of that commodity left to put off an unwelcome interest rate rise. Italy, in contrast, was unable yesterday to defer the crunch. It raised short-term interest rates by a swingeing 1¾ points to 15 per cent and the markets are still far from convinced that the lira has been stabilised.

That does not mean that Britain is out of the woods, for want of a better phrase. By borrowing in D-Marks it raised the cost of any future devaluation, which is the kind of gamble that foreign exchange markets find reassuring. But while the British are playing by the rules of a fixed exchange rate system in which the D-Mark provides the main anchor, the Americans are playing a game of their own in which the rules are purely domestic. After yesterday's dismal US employment data there appeared to be no alternative to further cuts in short-term dollar rates. Sterling could thus wilt again, since it tends to feel the backwash when capital deserts the dollar for the D-Mark.

The larger question, as European finance ministers meet in Bath this weekend, is how much more of this hard pounding the currencies of the ERM can take. Under the old Bretton Woods system, realignments were permitted when a currency was in fundamental disequilibrium and exchange rates could only be shored up at the cost of undesirable distortions in domestic economic policy. The system broke down when disagreements between the US and Europe over underlying policy became irreconcilable, after the Americans refused to confront the crunch to which their fiscal policy was leading during the Vietnam war.

Exporting deflation

This time the US-European differences are being managed through the mechanism of floating exchange rates. The more painful policy conflict is within Europe, where the combination of loose fiscal policy and tight money in Germany has had the effect of exporting deflation to the rest of Europe via the fixed exchange rates of the ERM. Given that the French electorate's misgivings about Maastricht partly reflect this depressing German influence on French unemployment, it was ironic that President Mitterrand should have called on Chancellor Kohl for support in his broadcast on Thursday night. While the Bundesbank has taken most of the flak, Mr Kohl, whose determination to avoid hard fiscal choices has been one of the more striking features of the German unification process, offers a more deserving target.

The French referendum on September 20 is widely regarded as a test that could lead to a resolution of this economic conflict one way or another. Yet that seems implausible. Despite the apocalyptic rhetoric that permeates the debate, the ERM will survive, whatever happens to European Monetary Union. France, for one, will not lightly abandon the *franc fort*. The real question is who will stay within the hard core of the system.

Vicious circle

The European finance ministers will no doubt do their best to shore up confidence this weekend. But Italy is an enduring problem. A crisis in which real interest rates are approaching 12 per cent will usefully strengthen the Italian government's hand in pushing through unpalatable budgetary medicine. Yet with the lira trading below its D-Mark floor yesterday afternoon, the markets are still not convinced that the medicine is tough enough. Italy is caught in a vicious circle whereby an increase in interest rates further undermines credibility because of the impact on an already excessive budget deficit.

Britain in many ways poses a more interesting conundrum. An interest rate rise may have been avoided before the politically sensitive party conference season. But the combination of a stagnant economy, an overhang of private sector debt and sharply deteriorating public finances is not designed to buttress credibility over a longer period. Nor does a robust economic recovery seem compatible with any realistic assessment of German monetary policy for the foreseeable future.

In the short run real interest rates continue to rise as inflation comes down. House prices, according to the Halifax Building Society, are still falling. Corporate profits, witness the interim figures now emerging, are squeezed. In the absence of a *deus ex machina* Mr Major's government may yet be forced to choose between maintaining a fixed exchange rate and dealing with what appears to be an increasingly serious financial crisis. Credibility, on unchanged policy, is a wasting asset.

France's TV debate on Maastricht has helped to calm the electorate's worries, say **William Dawkins** and **David Buchan**

High marks for Mitterrand show

It is touch and go, but it looks as if France's baffled European Community partners can start to breathe a bit more easily.

The signs are that French President François Mitterrand's magisterial television appearance before an audience of 8.3m viewers on Thursday evening has helped to calm his disillusioned electorate's fears of the consequences of accepting the Maastricht Treaty on European Union.

It is, however, too early to predict whether his three-hour performance, backed by an appearance from German Chancellor Helmut Kohl, will turn the fine balance between the Yes and No vote into a firm majority when France votes on the treaty on September 20. The French press yesterday reckoned the Mitterrand show produced a narrow victory over the No voters.

The debate was clouded by the peculiarities of French politics. Yet it also underscored certain general weaknesses in the Maastricht treaty, which are there to be exploited by its opponents in other EC countries.

Mr Mitterrand achieved two important objectives under questioning from a panel of 14 supposedly representative citizens, three journalists and a surprisingly emollient Philippe Séguin, the Gaullist former government minister who leads the anti-Maastricht campaign.

First, he cooled the temperature of what has been until now an emotional and ill-informed public wrangle. He avoided the temptation to predict Armageddon in the event of a No, saying instead that Europe would lose several years in its development – a moderate argument that is bound to increase his credibility, battered by rising unemployment, perceived remoteness from the electorate and party political scandals.

At the same time, Mr Mitterrand sought to calm fears of loss of sovereignty by reminding viewers that the treaty was designed to "protect France and Europe from the free-for-all that would have followed the simple application of the Single European Act", the 1985 treaty which paved the way for the abolition of trade barriers between member states.

Second, he resisted pressure from both pro- and anti-Maastricht campaigners to consider resignation, at least for the time being, in the process helping to take France's tangled domestic politics out of the debate.

All this should encourage the electorate to lay aside their own feelings about the increasingly unpopular president and focus on the real issues in the treaty when they vote. Yet even if the French do manage to boil down the debate to the nuts and bolts of the treaty – economic and monetary union, plus security and foreign policy co-ordination – the balance between the Yes and No camps is painfully fine.

The show uncovered a gamut of gripes about the European Community as it is now and as it would be were Maastricht to be ratified by the 12 EC member states. They ranged from loss of economic sovereignty, to fears of German domination, an autocratic Brussels bureaucracy and the shackling of French diplomacy to its EC partners.

The gripes also centre on issues that have nothing to do with the treaty, such as immigration, which might seem ironic from one of the few countries to have ratified the Schengen free travel accord, which sets a common visa policy for its eight signatories. Working hours, the threat from Japanese industrial competition and the future of farming were other strictly non-Maastricht issues – all the daily bread of French politics – and were thrown into the debate by the citizens' panel.

Magisterial performance: President Mitterrand (left) debated with a surprisingly emollient Séguin

It could be that the French public has woken late to the general obligations of existing EC membership and that Maastricht has snapped the country out of its Euro-doze with a nasty start.

This might seem surprising to other Europeans who think of France as a self-confident wielder of power in an EC it has largely designed. But it is understandable given that the current campaign is, as Mr Mitterrand sadly admits, France's first proper debate on Europe for 40 years.

Mr Mitterrand took a risk by agreeing to appear at all, just as he did in deciding on June 3 to call a referendum, when the treaty could have been ratified by parliamentary procedure. Many pro-treaty campaigners feared he might do more harm than good by appearing on television this week, by linking people's feelings about Maastricht with the Socialist government's image.

Perhaps, argued some commentators, the Yes cause would have been better served by an opposition party leader favourable to Maastricht. Candidates include former president Valéry Giscard d'Estaing, leader of the centre-right UDF, or Mr Jacques Chirac, head of the Gaullist RPR. A majority of their supporters is against Maastricht, so unlike Mr Mitterrand they would not just be preaching to the converted among their party rank and file. And they pull more votes than the Socialists, who won a mere 18.3 per cent of the vote in March's regional elections.

In the event, Mr Mitterrand performed with cool audacity, betraying not a hint of worry over his unpopularity. "How can I be Mr Séguin's opponent?" he joked. "I am president of all the French, including Mr Séguin."

Few leaders can speak unscripted for so long without making a blunder, let alone sweltering under spotlights in an echoing hall of the Sorbonne. Mr Mitterrand seemed positively to flourish under pressure, smiling with satisfaction as he thought up answers to aggressive questions. The wily old fox may be temporarily cornered, but he is not finished by a long chalk.

As usual, when pushed on his own future, he was enigmatic. Some, including his own supporters, have urged Mr Mitterrand to resign to guarantee a Yes, while the opposition is obviously urging him to stand down in the event of a No. "I will take the responsibilities that fall to me" a day or so after the result is known, said Mr Mitterrand.

"If it is true that I do that much harm to the treaty of Maastricht, then I must take the greatest possible account of the advice of my adversaries and others – but do you think that it has got to that point?" he added.

If the Mitterrand show might help to soothe French agonising over Maastricht, it is less certain that it succeeded in laying to rest all the popular fears of the consequences of European union as underlined by Mr Séguin. He did not draw as much blood as he could have done, perhaps conscious that he might again become a minister if the right wins next March's parliamentary elections, as seems likely.

However, he drove hard at a theme that strikes a chord in many member states, by complaining of the weight of "technocratic" rule from Brussels. This has become a sensitive point on all political sides in France over the past year, with several Commission rulings against French industrial interests.

Mr Séguin pushed Mr Mitterrand on to weak ground by referring to the prime role which the Maastricht treaty gives to the European central bank in running the eventual single currency. Economics have never been Mr Mitterrand's strongest suit.

The president agreed that technocrats could be "cold monsters", but stressed that it would be "politicians, elected by universal suffrage, and not the technocrats" who would decide overall economic policy. The criteria by which economies must bring their inflation levels, budget deficits and interest rates to converge would be applied with the utmost sensitivity, he said.

Political control over the central bank was France's negotiating aim in the long wrangling over Maastricht. But it is not at all clear in the Maastricht text whether France really achieved its aim of keeping the "economic government" of Europe out of the hands of unelected central bankers. It was of course Germany's minimum demand over Maastricht that the central bank be properly insulated from political pressure.

Mr Séguin must have made a telling point to many French viewers – victims of some of the highest real interest rates in Europe – when he argued that "anyone who has mastery of monetary policy has the main hand in setting and carrying out economic policy". In other words, how would the French like to see their government's spending policy steered by European banking officials?

Most of the talking on another French public worry, German domination, was left to Mr Kohl, addressing the debate from his office in Bonn. Here, he might have steered too close to the truth for the liking of touchy French opinion in saying that France need not have an inferiority complex. He went on, however, to sound more comforting, by pledging that a post-Maastricht Europe would not be German, but belong to all member states. "There is no German demon," he said. Take the "advice of a friend", said the chancellor – suddenly looking avuncular – and vote Yes.

Another difficulty in selling Maastricht, as Mr Mitterrand found out on Thursday night, is the special treatment it gives one country, Britain, on monetary union and social policy.

As Mr Séguin noted, once France ratifies the treaty, it would have no chance to opt out of a single currency as the UK will. Mr Mitterrand finessed the issue of Britain's opt-out on social policy, saying one needed "patience, as in all families", for everyone to agree. But it became clear on Thursday that for proponents of EC labour regulation, Britain's opt-out on social policy is a serious flaw, while for opponents of such regulation it is an unfair privilege.

It is doubly odd for Mr Séguin, and other No compaigners, to rail gainst Maastricht for shutting eastern Europe out, when fears of people and food flooding into France from the east are precisely those that rally people to their cause.

But the fear of loss of national identity is what lies behind the anxieties raised by Mr Séguin and others; fears that France may see its power and freedom of manoeuvre disappear in a closer European union.

The sovereignty card is a hard one for a Gaullist to play against Mr Mitterrand, who has all the haughtiness of De Gaulle. "You cannot give the impression," he told Mr Séguin, "that France is suddenly losing its sovereignty, and submitting itself to foreign domination. Do you think I could accept that any more than you?"

At the very least, Mr Mitterrand's rare television debate has regained some of the ground lost by the Yes campaign. Those among his supporters who thought that calling the September 20 referendum was a crazy risk must now be breathing a sigh of relief. Yet he is not home and dry.

MAN IN THE NEWS: ***John Patten***

Smooth scourge of low standards

There are few things more calculated to touch a raw nerve with parents than the suggestion that the standard of their children's school examinations has fallen.

So when Mr John Patten, the education secretary, this week demanded an urgent inquiry into the reliability of GCSE results, he provoked a predictable furore.

Educational traditionalists who fought the replacement in 1988 of the two-tier system of O-levels and CSEs with a single test for all 15- and 16-year-olds were delighted. They believe that egalitarianism has eroded standards, particularly for bright children.

What Mr Patten would call the educational establishment was furious. Teachers' unions accused him of undermining real improvements in GCSE performance. Political opponents seized on his record as an unabashed self-publicist to accuse him of seeking cheap headlines before next month's Tory party conference.

At the heart of the controversy was Mr Patten's strong reaction to a report by Her Majesty's Inspectorate into the record level of passes in this year's GCSEs.

The report said that there was evidence pointing to a gradual erosion in standards since 1988. It suggested that the quality of testing by the independent boards which set and mark the examinations was uneven. HMI's inspectors were concerned that it was too easy for children to achieve the top grades and insufficient attention was paid to punctuation and spelling. Alongside these criticisms was the more measured comment that many of the shortcomings were neither new nor easy to solve.

Even opponents of the GCSE acknowledge that standards among the examining boards which set O-levels often varied widely. Mr Patten does not recall it, but the Jesuit-run grammar school he attended in south London frequently directed pupils to different O and A-level boards to maximise pass rates.

The full report was published only yesterday. But the education secretary seized the initiative by releasing the most damning extracts at the start of the week and demanding a response from the boards by the end of this month.

The handling of the announcement could have been subtler. Parents and children who a week earlier had been celebrating examination passes found the achievements devalued.

Mr Patten is unrepentant: "What the report tells us is that there are serious question marks over the way the examining process has been conducted."

It was vital to seek an urgent response, he said, because whatever remedial action was necessary would have to be taken before next summer's examinations. "At this stage every single week counts if it is to be got right."

But Mr Patten – who stressed that one of his principal objectives was to achieve a period of "peace and quiet in the classrooms" – is adamant that he had not sought to provoke new controversy.

He had not known of the existance of the HMI study until the results landed on his desk 10 days ago. He had intended to spend this month working on the school restructuring outlined in his July white paper: "I would have much preferred not to have this report on my desk."

Nor, he insisted, should his reaction be taken as an attack on the

nation's classrooms: "The criticisms are aimed not at pupils, not at teachers, not at teachers' training colleges. They are aimed fairly and squarely at the examining boards."

His response to the ensuing row is likely to disappoint both the traditionalists and those conjuring up fears of a new Tory plot to engineer the return of the O-level.

Mr Patten is a politician shrewd enough not to slam the door entirely on the traditionalists but, asked whether his starting point was to improve the GCSE rather than scrap it, he replied simply: "Sure." An "awful lot", he added, could be put right within the present framework: "I certainly hope that we can make a single examination work."

The furore provides an intriguing insight into the way Mr Patten intends to run the schools system over the next few years.

On one level, his appointment after the April general election marked a break with the past. The 47-year-old former university lecturer is as self-consciously smooth as his predecessor, Mr Kenneth Clarke, is instinctively abrasive.

He is the product of the state system and sends his six-year-old daughter to a central London primary. He has long had a professional interest in education. His overall approach is infused with the moralism that comes with devout Catholicism.

His appointment sent a signal to the teachers that, after the upheavals of the past few years, the government was anxious to rebuild classroom morale.

The white paper carried the same message. The radical thrust of the shift to grant-maintained status would continue but there would be no "big bang". The process instead would be "evolutionary". Local education authorities will wither rather than face outright abolition.

Peace in the classroom, however, is not to be bought at any price. Mr Patten is determined, for example, to grasp a political nettle long avoided by education secretaries and reduce the 1.5m surplus places in the nation's schools.

More importantly, this week's row signals that he has no intention of retreating from the Conservative assault on the "progressive" teaching of the 1960s and 1970s.

The education secretary is an ambitious politician. Until his appointment in April he had been stranded on the fringe of the cabinet for five years. He is acutely aware that there is no political future for a Tory education secretary who is perceived to be soft on the educational establishment.

So making friends with the teachers does not mean making up with their unions or with the progressive educational theorists said by the government to dominate the local education authorities and teacher training colleges. Nor does it mean accepting an erosion of what the average Tory voter might define as standards. Peace and quiet, in other words, is to be relative.

Philip Stephens

Auntie's familiar face

The BBC's brave new world may look old, says Raymond Snoddy

The BBC's ratings for the latest week set out the pattern of current British viewing tastes: the undisputed king of its programmes is the popular drama EastEnders with a total audience of 16.84m, just marginally behind Coronation Street on ITV.

The top programmes also include old comedies such as Dad's Army and Porridge, new comedies such as Birds of a Feather, and Paul Daniels' quiz Every Second Counts.

But by far the most remarkable show in the ratings is the cheap Australian import Neighbours.

It occupies slots three to seven in BBC 1's Top 30, with audiences ranging from 15.23m to 13.74m. Apart from being much-loved by teenagers it is one of the most cost-effective shows on British television.

This week, Sir Michael Checkland, director-general of the corporation, suggested that important changes were on the way for viewers as the BBC strives to redefine its role as a public service broadcaster in an age of growing competition from multi-channel television.

"There are some things we simply don't have to get involved with in future," he said. "I don't think we have to have, for example, so many quizzes, money-based quizzes or entertainment quizzes on BBC Television. We don't necessarily need to have some of the lower-cost purchased programmes that we have sometimes put into our schedules."

Neither the director-general nor the BBC will give any example of a programme that is likely to be removed from the schedules as a result of the new BBC emphasis on programmes that are "distinctive", and the planned move towards "the high ground" of British broadcasting. But certainly Neighbours, originally bought to pad out day-time schedules for a few thousand pounds an hour, is a quintessential example of "lower-cost purchased programmes".

The fate of soap operas such as Neighbours goes to the heart of the dilemma now facing the BBC. The dilemma is implicit in a confidential BBC document leaked this week to Broadcast magazine. The intention was to publish it after a green paper on the future of the corporation, expected early next month. The document amounts to a mission statement for the future of the corporation as it renegotiates the Royal Charter which runs out in 1996.

Derivative formula comedy or simple and unchallenging game shows are out. There is no room for entertainment programmes which belittle or humiliate members of the public.

"The BBC will need to withdraw from areas in which it is no longer able or needed to make an original contribution," the document says.

Instead there will be more live performances on both radio and television. The aim will be to restore the BBC's place as the primary focus of broadcast drama – "the National Theatre of the airwaves".

Under the blueprint, viewers would receive a steady stream of classic plays from the great dramatists of British culture – from Shakespeare to Jonson, Shaw to Osborne. There would be a similar diet of literary adaptions in serial form.

The document does not view such taking of the "high ground" as a retreat into a cultural ghetto, however. All genres of programmes would be made, but quiz programmes "would test the audience's imagination and creativity".

In addition, the BBC would continue to schedule mainstream current affairs and religious programmes in prime time even though ITV is steadily moving towards concentrating on popular entertainment which can be virtually guaranteed to deliver high ratings during the main evening viewing hours.

In its own words the corporation has set itself four important areas on which to concentrate:

- News and information across what it refers to as a "range of outlets" to support fair and informed national debate;
- Development and expression of British culture and entertainment;
- Programming and services creating opportunities for education;
- Communication and interchange of cultures and ideas between Britain and abroad.

At a cursory glance it seems difficult to take exception to such a mission for the future which is about as controversial as apple pie and motherhood.

And surely it is wise for the BBC to march gradually uphill, away from what is likely to become an increasingly bitter ratings battle between ITV and the satellite television companies?

But there are problems inherent in the approach. The first is economic. Most of the programmes under threat tend to be cheap, while most of the replacements are expensive. Costume drama, for example, can cost up to £1m an hour.

The second problem is how to define and choose "distinctive" programmes. If the new policy is going to have any meaning, programmes designated "undistinctive" will presumably have to be weeded out from the schedules, even though they are the most popular with audiences, and cost-effective.

The BBC's new approach to programming implies a more restrictive attitude to programme commissioning than in the past. Mr Michael Grade, chief executive of Channel 4, might nevertheless have been overstating things in his Edinburgh Television Festival attack last month on the corporation's "pseudo-Leninist style of management".

It is a rare organisation that deliberately sets out to make its product range less popular in the marketplace, but that is the danger the BBC now appears to be running.

If, even for the most intellectually coherent and respectable strategic reasons, the BBC were to lose a significant slice of its audience to rival terrestrial and satellite channels, there could come a point when the universal BBC licence fee would no longer be sustainable.

In the week ending August 23 – after the Olympics and before the new autumn schedules began – the total BBC share of the audience was 42.6 per cent. Any drift towards the 30 per cent mark would surely cause problems. It would be difficult for the organisation to convince the government that it deserves to retain its licence-fee status.

Despite the disclosures of the document, it is entirely possible that little will change other than a slight adjustment to the tone and character of some programmes. This would mean that the product of a year's soul-searching by numerous committees would be little more than a public display designed to reinforce the BBC's case for its own survival.

Public service broadcasters all over Europe will be watching to see how the corporation resolves its conflicts in what is becoming one of the most competitive broadcasting markets.

Keep watching for Neighbours in the BBC schedules. As long as it is still there, viewers can be sure that old-fashioned British compromise and accommodation to what the public actually watches continue to triumph over pseudo-Leninism.

Peter Norman and Robert Peston on the UK's foreign loan deal

Credit where credit is due

Britain's plan to borrow some £7.27bn worth of foreign currency to support the pound was completed, where it began, in the Bank of England last night.

The agreements for the UK to borrow Ecu 10bn worth of foreign currencies over the next seven months were signed in the Bank at 5 o'clock yesterday. For once, the choice of venue turned out to be a case of giving credit where credit was due. For the first proposals for the large-scale currency borrowing that was announced by Mr Norman Lamont, the chancellor, on Thursday, were crafted by officials of the Bank's markets division less than three weeks before.

The markets division is the pride and joy of Mr Eddie George, the Bank's deputy governor, who represented the Bank at yesterday's ceremony. Sir Terry Burns, the permanent secretary to the Treasury, deputised for the chancellor. Also in attendance were the chief executives of the banks that have agreed to provide the funds.

Although some of the euphoria that greeted the plan in financial markets on Thursday subsided following the announcement of yesterday's extremely poor US employment figures, it still proved its worth. Sterling, which only a few days before had been heading towards its DM2.7780 floor in the European exchange rate mechanism, closed in London last night at DM2.80, unchanged from Thursday evening's level.

Officials involved in crafting the plan said it would be wrong to see the borrowing as a crisis response to the extreme weakness of sterling in the ERM in the week beginning August 24. The Bank first put forward the idea of a large-scale borrowing in Deutschmarks and other currencies that would be converted into sterling during the previous week with medium-term problems in mind. It wanted to build in a cushion of support for the pound ahead of the French referendum on the Maastricht treaty on September 20 and to protect it from further weakness of the dollar – a contingency that arose again yesterday.

The idea was taken up in the Treasury by Mr Paul Gray, under-secretary in charge of the monetary policy group. Mr Lamont took up the proposal immediately on his return from holiday on August 24. It was around this time that the Bundesbank was advised of the UK's wish to borrow D-marks.

But by this time sterling was spiralling downwards. The monetary authorities responded by intervening in its support but this proved ineffective, as did the chancellor's attempt to "talk up" the pound on the Treasury steps on August 27.

"The plan was not born out of a feeling that we were looking over an abyss," recalled one of the officials closely involved in the borrowing. "In fact that week of fire-fighting was a bit of a distraction."

At the Bank, Mr Ian Plenderleith, an associate director responsible for managing the UK's foreign currency reserves, was the prime mover behind the scheme, although the Bank was reluctant yesterday to discuss details of its involvement. Senior executives of the four English clearing banks, Barclays, National Westminster, Lloyds and Midland, were called in to see Mr Plenderleith on Wednesday August 26.

Though the governor, Mr Robin Leigh-Pemberton, was not present at the meeting, he was kept closely informed during his summer holiday of developments on Friday. The telephone wires to his country estate, Torry Hill, were "humming", in the words of a Bank of England official.

The clearing bankers present at the initial meeting were Mr Peter Wood of Barclays, Mr John Davies of Lloyds, Mr Roger Byatt of NatWest and Mr Keith Whitson of Midland. They were told that the government wished to borrow Ecu 5bn and that the proceeds would be drawn in D-Marks.

"There was no hesitation on our part about whether the money should be made available," said a clearing banker involved in the talks. However, three days of negotiations were required to establish the terms of the deal. These negotiations were quite complicated because there were no precedent for a Ecu bank loan to a government on this scale.

"We all felt that the key consideration was the the deal should receive a favourable reception in the market," said another banker. "On the other hand, we were not going to roll over and do the deal at the price chosen by the government."

Another banker said: "There was a free and frank exchange of views." Detailed negotiations began the following day and were not completed until Friday last week. Banks argued they needed a wider margin over the benchmark London rate, Libor, than that paid on a recent European Community loan, because many banks had refused to participate in that EC loan. In the event they got a more generous interest rate of $\frac{1}{16}$ of a point over the Libor – the London Interbank Offered Rate. Although satisfactory to the government, bankers were concerned that it might face accusations that the money was too dear.

Having reached agreement, the Bank of England then had to get the Treasury's agreement to the deal, which it received over the weekend. With the Treasury's assent, the four clearing banks then sought out other banks to join the deal.

In the event, the four clearers provided Ecu 850m each. Another eight banks – JP Morgan of the US, Union Bank of Switzerland, Credit Lyonnais of France, Bank of Tokyo, and four German banks, Deutsche, Dresdner, Commerzbank and Westdeutsche Landesbank – each provided Ecu 150m.

A final group of six UK banks – Royal Bank of Scotland, Bank of Scotland, Clydesdale, TSB, Abbey National and Standard Chartered – each provided Ecu 50m.

The deal was completed by Wednesday evening. "I have no idea why the Treasury waited till Thursday afternoon before announcing it," said a banker.

In fact, the Treasury wanted to announce the deal when the markets were relatively calm. It also wished to keep its impact separate from Wednesday's disclosure of a $1.3bn drop in UK gold and foreign currency reserves in August. This was to stress that the latest borrowing was qualitatively different from previous foreign borrowings, made to boost the reserves.

Thursday's enthusiastic reception for the plan on the markets showed that it had achieved this objective. Yesterday's new tribulations surrounding the dollar showed that the Treasury was right to move when it had the chance.

LETTERS TO THE EDITOR

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Adverse impact of lottery promotion

From Mr Malcolm Hughes.

Sir, "A national lottery for good causes is entertainment, not gambling", says Richard Ogier of the Lottery Promotion Company (Letters, August 26). Yet buying a lottery ticket means chancing money on an unknown outcome, as good a definition of gambling as any unless our dictionaries are to be re-written. If donating some element of the lottery's turnover to good causes means it is not part of the gambling industry, then the football pools, which give more than £100m a year to sport and the arts, must similarly benefit from this new interpretation!

The Lottery Promotion Company is clearly rattled by arguments that a lottery could have harmful social effects; it therefore attempts to re-write normal definitions of gambling and ignores overseas evidence.

Marketing is the key issue. For a British lottery to generate substantial new money for good causes, not to mention an adequate return for its operator, unrestricted advertising and promotion on broadcast media and the widest possible availability of tickets will be necessary. Mr Ogier is right to argue that experienced gamblers will not play the lottery but in so doing he declares his target to be those who currently gamble small amounts weekly or who do not gamble at all.

If the government permits the national lottery to be promoted on a scale not presently allowed to any other form of gambling, we will witness the damaging social consequences that are evident overseas, with the Irish Republic as a good, nearby example. Mr Ogier can redefine the lottery as entertainment if he wishes, but it will not alter the adverse impacts deriving from unrestricted promotion.

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Strains in financial system felt by small companies, not banks

From Mr Antony P Hummel.

Sir, Quentin Davis demonstrates ("Worthy sacrifice", August 28) that he is completely out of touch with what is happening to small and medium sized businesses (SMEs in Euro jargon) in the current situation. He states that default and bankruptcy creates strains in the financial system, reducing the capital of banks and their ability to lend.

That is true, but it hits the SMEs much harder than it hits the banks and SMEs do not even get a mention from Quentin Davis. As the owner of a small business, I get a letter nearly every week from newly appointed receivers to another of my customers instead of a cheque. It is invariably the banks which have called in the receiver. The banks also have security and in my experience in nine out of 10 cases the banks get 100 per cent or close to 100 per cent paid back. It is the unsecured creditors like myself who go empty handed in nearly every case.

So the banks may be losing some of their capital, but I can assure Quentin Davis that unsecured creditors (ie, suppliers) like myself lose at least 10 times as much. The fact that this large percentage is lost by a large number of SMEs is not newsworthy because of their small individual size, and so apparently escapes the notice of our political masters.

My heart bleeds for the banks, for their monopoly practices, for their high fees – the latter deducted at source without even having to issue an invoice, let alone monthly statements and numerous phone calls before getting paid.

The banks should be split up into SMEs so that they also escape being newsworthy. We would then have a lot more competition. Is that not what the Single European Market is meant to be about?

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Hampshire GU35 9LY

Debt would constrain graduates

From Mr Robert Schon.

Sir, Your leader, "College for All" (September 1), raises the spectre of UK students in higher education paying for both tuition and keep.

I have always felt that one advantage enjoyed by UK graduates as compared with their US counterparts is that, as a general rule, UK graduates do not enter the job market with substantial debt obligations. This, in my opinion, allows them greater flexibility in the selection of their career as, in seeking employment, attaining a salary sufficient to service their debt obligation is not a factor. This has been one of the reasons why quality graduates have, to date, felt able to pursue socially important careers albeit they are poorly remunerated.

I am also concerned that a move such as you suggest will have undesirable inflationary consequences and could lead to a structural change in entities such as the National Health Service where the government would need to increase salaries or waive debt to attract a qualified workforce.

Robert Schon,
14 Dominion Street,
London EC2M 2RJ

Consultant not high quality cost

From Mr Michael Boland.

Sir, I read with interest Charles Batchelor's article, "Badge of quality" (September 1) and the views expressed by Mr Bernard Juby on BS 5750 and the role of a consultant in the process.

In Mr Juby's opinion a consultant is someone who "charges an arm and a leg". The cost of 15 days' consultancy under the Department of Trade and Industry scheme should be a maximum of £3,000 with another £3,000 approximately for management time. Certification should be achieved, on average, within nine months. In the case of Mr Smith, who achieved certification without using a consultant, he spent one day a week over two years (half a man year) which would cost an average company approximately £20,000. Based on these figures, it can be seen that the consultancy route can save a company both time and money.

Additional benefits can be achieved from using consultants, such as obtaining an objective/independent view on the company's existing activities and "tapping" on the consultant's broad range of acquired industrial experience.

Michael Boland,
director,
BEP Group,
London House,
271-273 King Street,
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Devaluation of D-mark would alleviate strains on weaker European currencies

From Mr Dag Lindskog.

Sir, The huge differential between the high German and low American interest rates gives a dramatic decline of the dollar rate and puts strong pressures on the weaker European currencies. In order to alleviate the strains and, possibly, even give way to interest rate reductions in the recession-mired European economies, there is an increasing number of economists who advocate a revaluation of the D-Mark.

But is this policy advice really correct? Is not the opposite policy step more likely to give the desired result? There are at least two reasons why a devaluation of the D-Mark is the better policy option. The first reason is that the present uncertainty in the financial markets up till at least the French referendum is driven by psychological factors and the policy makers' credibility.

A revaluation of the D-Mark would prove that all the speculators are right and that there is a difference between the D-Mark and the rest. It would also show that little has changed in terms of European integration and that the old credibility ranking is still relevant. Hence, a D-Mark revaluation is likely to postpone indefinitely prospects of reducing the interest rate spreads between Germany and the rest.

A devaluation of the D-Mark would totally change the rules of the game. The speculators would be on the wrong side. Such an outcome has lasting effects on the general comprehension of the European currencies. It would show that much has happened in Europe over the last decade. A devaluation of the D-Mark might well reduce the interest rate spreads with Germany and could possibly totally wipe them out for some countries.

The second reason is based on economic fundamentals. Take France. Any comparison between the present economic situation in France and Germany shows that France is in a far better position.

One way to look at Germany after reunification is to acknowledge that the west German capital stock must now serve another 16m people from the east. Old East German capital stock is obsolete. Hence, capital is scarcer and labour more abundant. Thus, a new equilibrium requires that capital returns must increase and labour cost decline.

So far, the opposite has happened. A revaluation of the D-Mark would prolong the movement in the wrong direction. German labour costs would increase on an international comparison, but the large German traded goods sector would have to reduce its prices. A revaluation of the D-Mark would give a profit squeeze. A devaluation would take the economy closer to a new equilibrium. German labour costs would decline on an international comparison. Prices might, and profits certainly would, increase. In summary, there are two important reasons why the D-Mark should not be revalued, but devalued. To convince the Bundesbank is another story.

Dag Lindskog,
Chief Economist,
Skandia Investment Management,
Stockholm, Sweden

Isosceles at £18m and flotation plans reaffirmed

By Maggie Urry

ISOSCELES, the leveraged buy-out vehicle for the Gateway food retail business, yesterday reaffirmed its plans for a flotation in 1995 when announcing results for the year to April 25.

The group made a pre-tax profit of £18m (£3.6m) but there was an attributable loss of £146.2m (£21.2m) after a £161m write-down of the value of businesses and assets the group is hoping to sell for £57.7m.

This largely refers to the Herman's Sporting Goods chain in the US, the value of which was reduced by £144.8m.

Isosceles published its annual report, which was given an unqualified auditors report. The previous two years' accounts had been qualified.

The accounts showed that £1.9m was paid to former directors in compensation. Mr David Smith, who led the buy-out in 1989, and Ms Liz Hignell, who was finance director, left during the year.

The group also wrote to shareholders detailing the refinancing agreement it signed with its bankers this week. Shareholders are to vote on the deal at a special meeting on October 8, but already holders of over 90 per cent of the shares have said they will support the resolution.

Mr Ernest Sharp, chairman, said he expected to sell Wellworth, the Northern Irish food retail subsidiary, by the end of 1992 rather than floating it as it said it would in the spring. He said the group was also in talks with possible buyers for the Herman's chain, and this might be sold by the end of the current financial year.

The group's results showed a fall in sales from £3.1bn to £3bn, but the fall was almost all due to the sale of some stores to Kwik Save. Operating profits also appeared to fall, from £189.3m to £187.4m.

A drop in interest charges from £185.7m to £159.7m was largely due to the refinancing completed at Christmas 1990, when £222m of equity was added, Mr Bob Nellist, finance director, said.

He said there was a negative swing on profits of about £30m. The sale of the stores to Kwik Save had taken out profits of £5.5m in the previous year and there were exceptional costs of £9.7m relating mainly to property write-downs and redundancies. The previous year had included £7m of foreign exchange gains which were not repeated and the group capitalised £7.4m less interest in the latest year.

Mr Bob Willett, chief executive of the Gateway chain, said the group was progressing with the plan to reposition the business. "We have the solutions, we just need some time," he said.

Pearson ahead of City hopes with £35m

By Raymond Snoddy

PEARSON, the publishing, banking and industrial group, suffered a 14 per cent drop in pre-tax profits to £34.8m for the half year ended June 30 – a better result than the City had expected.

Newspapers, books and entertainment all improved their profits despite the effects of recession.

"With the major world economies still in or near recession we have seen no let up in the harsh trading conditions which characterised 1991, and to which the additional burden of a weaker US dollar has recently been added," said Lord Blakenham, the chairman. He believed the recession in the UK could continue for another two years and that the company was treating the current situation as normal.

"We believe we are in a strong position to live with this recession for some time to come," Lord Blakenham said.

Mr Frank Barlow, group managing director, added that cost-cutting would continue. "I don't think there is ever an end to cost-cutting," he said.

Group sales for the first half totalled £694.8m (£700.4m). Earnings declined to 4.4p (5.1p) but the interim dividend is unchanged at 5.375p.

Mr Eric de Bellaigue, publishing analyst at stockbrokers Panmure Gordon, said the results were a little better than expected but he was not changing his full-year forecast of pre-tax profits of £160m.

The share price closed 2p higher at 314p.

Trading profits of the newspaper division increased from £13.8m to £15.1m, an improvement of 9 per cent. The contribution to the division from the Financial Times Group, including the newspaper, business information services and Les Echos, the French business paper, rose by 22 per cent, from £10.8m to £13.2m.

Books swung from losses of £13.4m to profits of £2.4m. Most of the improvement came from Penguin, particularly in the US where the publisher currently has seven titles in the New York Times top 50 best seller list.

Trading profits from entertainment increased from £100,000 to £1.6m but oil services suffered a 55 per cent drop from £16.6m to £7.4m as major US oil companies ran down exploration and development.

A sharp decline in investment banking to £7m (£12.9m) reflected the reduction in merger and acquisition activity, particularly in the UK.

Fine china trading profits fell by 59 per cent to £2.2m (£5.4m), mainly because margins had suffered in difficult market conditions.

"Firm cost control by all our businesses has continued to improve our overall cash performance and reinforce a very strong balance sheet," Lord Blakenham said.

Dividend cuts already built into the share price

Andrew Taylor previews the construction sector's interim results due next week

HARDLY A day seems to have gone by this summer by without some stockbroker reducing a profit forecast for a construction or building materials company.

The stockbrokers' views will be put to the test next week when some of the biggest companies in the sector are to due to publish results for the first half of this year.

Fears that the figures may be accompanied by dividend cuts have already caused shares to fall.

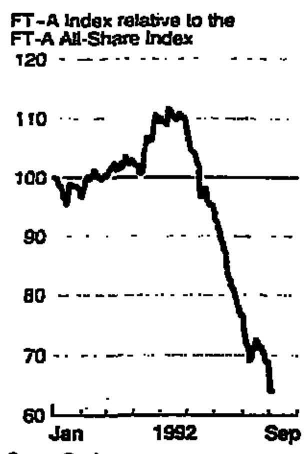
Since the beginning of June the FT-Actuaries Construction Index has under-performed the FT-A All Share Index by about 40 per cent. The building materials index has underperformed by a quarter.

The ability of companies to maintain payments to shareholders by raiding reserves has been exhausted, says Mr Mark Stockdale, construction analyst for Warburg Securities.

"There is a growing realisation that housing and commercial property profits, bolstered by high inflation, will not be repeated even when these markets recover. Companies in the 1990s will not be able to afford dividend payments made in the 1980s."

Reduced dividends are expected from several companies.

Contracting, Construction



Source: Graphite

Others are likely to issue warnings that year-end payments may be reduced unless trading conditions improve – which nobody expects to happen.

At best, dividends will stand still in cash terms representing a fall in real terms, says Warburg.

Deepening the gloom is the fact that there is still no sign of a recovery beginning in the UK housing market, which has been in recession for almost four years.

Margins have slumped as house prices have fallen by up to 30 per cent in some parts of the country. Builders meanwhile have been working through expensively priced land bought in the late 1980s, when house prices peaked.

There is concern that some contractors may have to increase provisions against their housing and commercial property operations. This has made it more difficult than usual to forecast results.

Building materials companies have suffered as sales and prices of building products have fallen as demand for construction has reduced. There is large over-capacity and further plant closures and redundancies are inevitable.

Dominating next week's results will be first half figures, due on Tuesday, from Wimpey, Britain's second biggest housebuilder.

CONSTRUCTION SECTOR RESULTS DUE

Company	first half profits/(loss) £m 1992 forecast	1991 actual	due on
Rugby	30	27.4	Mon
Wimpey	(2)	(5)	Tue
Taylor Woodrow	(5)	25.3	Wed
Wilson Connolly	9.5	13.8	Wed
Amec	14	21.9	Thu
Blue Circle	43	57.5	Thu
John Laing	5.5	6.3	Thu
Evered	7	10.3	Fri

Source: Warburg Securities

Wimpey's share price fell by almost a fifth, from 97p to 79p, during four trading days days this week on fears that the company may reduce its interim dividend from 4p paid last year.

Forecasts of first half losses at Wimpey range from £2m to £7m. In the first half last year the group made a £5m pre-tax loss.

Taylor Woodrow, the construction and property development company which has seen its share price halved from 119p to 52p since the beginning of June, is also expected to cut its interim dividend.

The company which publishes its results on Wednesday is thought likely to announce pre-tax losses of about £5m. In the first six months of last year the group made a pre-tax profit of £25.3m and paid an interim dividend of 1.86p.

Amec, which so far has ridden out the recession better than most contractors, is due to report on Thursday. It is expected to maintain its interim dividend at 4p despite forecasts that interim profits will fall from £21.9m to about £14m.

Other companies reporting on "construction Thursday" include John Laing, the contractor, where profits are expected to be only slightly down on last year's £6.3m and Blue Circle, Britain's biggest cement manufacturer where profits are forecast to fall from £57.5m to a little more than £40m.

Laing last year cut its final dividend from 10p to 8p but may decide to spread the cut more evenly by trimming its interim from 3p last year. Blue Circle is expected to maintain its interim of 3.75p.

Rugby, Britain's third largest cement manufacturer, is likely to be one of the few building related companies, to announce an increase in interim profits which are forecast to rise from £27.4m to about £30m. It has been helped by improvements in Australia and the US, where a fragile recovery in construction output appears to have begun.

Week Ahead, Page IV

Laird bucks sector trend with 43% rise to £21m

By Peggy Hollinger

LAIRD GROUP, the car components and industrial products company, has defied the trends of a globally depressed automotive market to report a 43 per cent increase in interim pre-tax profits to £20.5m.

Sales for the half year ended June 30 rose a more modest 15 per cent to £395m.

The results came in slightly better than analysts had been expecting, and the shares rose 9p to close at 286p.

Laird, which has spent three years investing heavily in plant and expansion, benefited from the introduction of the new Volkswagen Golf and Vauxhall Astra models last year. The group helped to develop and now supplies the systems for sealing windows and doors on these models.

Operating profits in the sealing systems division, which supplies car manufacturers mainly in Germany and France, more than doubled from last year's depressed levels to £13.7m.

The return was buoyed by the absence of last year's £2m first half start-up costs relating to the new model systems, and a return to the double digit margins achieved in 1989. Last year margins had fallen to about 7 per cent.

Mr Charles Barton, finance director, said that although car sales in Germany were declining from the high levels of 1991, production at this stage appeared to be holding firm. Laird continued to invest in new models, although the finance director said the group's current projects did not include vehicles with the high volumes of the Astra or Golf.

Laird's plastics distribution and packaging business, which operates mainly in the US, proved a disappointment with profits tumbling 34 per cent to £3.5m. Mr Barton said there was no sign of an easing in the difficult economic conditions in the US.

However, the small Scottish company which provides products and services to the UK computer industry achieved higher profits in the first half.

The industrial products operation, which supplies plastic and rubber vehicle components, increased operating profits by 13 per cent to £7.1m.

The interim dividend is being increased to 4.2p (4p). Earnings per share, after adjusting for the bonus element of the £41m 1-for-5 rights issue last April, rose from 8.3p to 11.7p.

See Lex

Harland Simon requests share suspension

By Angus Foster

SHARES in Harland Simon, the control systems group, were suspended yesterday at its request after the company apparently ran into serious financial difficulties.

The reason given for the share suspension was the need for clarification of Harland's financial position, a phrase often used when negotiations between companies and their bankers have broken down.

Harland, which makes control and automation systems, said it hoped to make a further statement next week.

It is understoood that Barclays, Harland's bankers, had called in some of its overdraft facility, leading to a working capital crisis.

Harland's overdraft, which is repayable upon demand, stood at about £14m at the end of July, but has since been reduced by £6.9m with the proceeds of the sale of Vickereys, a specialist blade and equipment maker.

Harland had hoped to use the proceeds of the Vickereys sale to repay borrowings, and then draw down fresh facilities for general working capital needs. However, Barclays has kept the money and is refusing to extend new facilities.

Harland has been in trouble since a profits warning in February, prompted in part by exposure to companies controlled by the late Mr Robert Maxwell.

Since then the shares have tumbled from 653p and a capitalisation of £115m, to 20p at suspension, worth only £3.5m.

Mr Roy Ashman, the former chairman, has been replaced and the company has since been dogged by reports of collapsing morale and dwindling orders. The accounts for last year were qualified after its auditors were unable to trace the ownership of a stake in a loss-making information system, PIL. The auditors could not conclude whether PIL was an associate.

Borrowings of about £5.4m represent more than 40 per cent of shareholders funds, which fell sharply last year following losses and provisions. Further disposals were planned to reduce borrowings.

A large institutional shareholder said yesterday's announcement was "totally out of the blue". He said shareholders were expecting news of further sales, and had believed Harland's banking relationship to be sound.

Ewart board changes blocked by institutions

By Norma Cohen, Investments Correspondent

INSTITUTIONAL shareholders in Ewart, the Belfast-based property company, at an extraordinary meeting yesterday defeated a move led by a dissident shareholder, Mr Philip Monahan, to gain control of the company.

Ewart said institutional shareholders, which own 52.8 per cent of its shares, unanimously opposed proposals to replace four of its directors with nominees of the dissident shareholder group. The dissidents include Mr Monahan, chairman of Republic of Ireland-based Monarch Properties, which holds a 29.2 per cent stake in Ewart. He has been a non-executive director of Ewart since 1990 and is backed by several Ireland-based businessmen who have business interests with him.

However, Mr Monahan yesterday signalled his intention to carry on his effort for control of the company. In a prepared statement, he said he had no intention of selling his stake and that his group would press for additional representation on the board.

Mr Barry Gilligan, managing director of Ewart, said that 96 per cent of shareholders voted, an unusually high turn-out for such a meeting, and that his board had the unanimous support of institutions. He called on Mr Monahan to either support the current board or make an offer to buy the stakes of all shareholders. If neither of those was acceptable, he should resign.

Dissident seeks to take control of Andrews Sykes

By Paul Taylor

DIRECTORS of Andrews Sykes, the industrial services and environmental products group which changed its name from Braithwaite last year, face a battle for control of the company with a dissident shareholder.

Sykes said yesterday that Mr Jacques Murray, who holds a 26.63 per cent stake in the group, had called for an extraordinary general meeting. Mr Murray is also chairman of Nu-Swift, and majority shareholder in the office cleaning and fire protection group.

The meeting, which will probably be held in late October, will be asked to consider resolutions for the removal of Mr David Hubbard, chairman, and Mr David Crowe, a non-executive director, from the 5-man board and replacing them with Mr Murray and three of his associates.

Mr Hubbard said yesterday that he would resist moves by "a minority shareholder to grab control of the company" without making a full bid.

The directors said they would be recommending shareholders to vote against the resolutions. In their opinion and that of the company's advisers the mover "would be neither desirable for the company nor in the best interests of other shareholders."

The company's shares closed up 5p at 130p yesterday.

For the year to March 1992 Sykes returned pre-tax profits of £1.2m from a turnover of £56.8m.

Further moves in train to oust Simpsons' board

By Tim Burt

The increasingly hostile battle for control of Simpsons of Cornhill, owner of two of the City's most famous restaurants, took a new turn yesterday when dissident shareholders announced moves to oust the board.

Rebel shareholders led by Mr Robert Klapp, former chairman of Select Appointments, have requisitioned an extraordinary meeting amid claims that the board has abandoned plans to develop a themed-restaurant chain along the lines of Simpsons, the 17th century chop house.

The board, which refused to allow voting on a rebel resolution to elect two new directors at an EGM last month, has rejected the allegations.

Mr Paul Reece, managing director of Simpsons, said resolutions seeking the removal of the board and disclosure of executive salaries would be vigorously opposed.

He also dismissed claims that the rebel group had the support of 40 per cent of the shareholders.

Mr Klapp, meanwhile, yesterday outlined his long-term strategy for the company which was floated last August, raising £2m for the acquisition of Simpsons and the nearby Jamaica Inn.

"We could build up a group of traditional chop houses nationally with restaurants in towns such as Bristol and Oxford," he said.

The rebels – who already have the support of Mr Alan Crompton-Batt, an existing Simpsons' director – also revealed that investors in the Far East were behind a 10 per cent stake in the company recently purchased by Mountjoy, registered in the Turk and Caicos Islands.

Overseas investors are thought to be interested in opening a Simpsons-style restaurant in Hong Kong.

Armour Trust

Armour Trust, the confectionery and car accessory group, has a full Stock Exchange listing and is not traded over-the-counter as reported yesterday. It also purchased for £502,000 Belcar, a car accessory importer and distributor.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Laird ....int	4.2†	Dec 4	4	-	10.2
Pearson ....int	5.375	Nov 13	5.375*	-	11.625*
Perry Group ....int	2.75	Dec 1	2.75	-	9
Pittencrieff ....int	3†	Oct 15	2.5	-	6
Taylor Nelson ....int	0.1	Oct 22	-	-	0.15

Dividends shown pence per share net except where otherwise stated. *Adjusted for scrip issue. †On increased capital. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	99	90	Birkby	90	-1	L5.25	-	7.8	-
100	F.P.	-	101	100	Broadgate Inv Trust	101		-	-	-	-
-	F.P.	-	9	7	Dartmoor Warrants	8	+1	-	-	-	-
-	F.P.	-	32	19	Dwyer A	19		-	-	-	-
-	F.P.	-	91	81	European Smaller Co's	82		-	-	-	-
-	F.P.	-	23	21	Do Warrants	22		-	-	-	-
-	F.P.	-	150	145	Finsbury Smlr Co's Zero Pf	147½	-½	-	-	-	-
‡	F.P.	-	38	36	Jupiter Euro. Zero Div. Pf.	37¼		-	-	-	-
100	F.P.	-	103	100	Kl'wort Endowment Policy	100		-	-	-	-
‡	F.P.	-	495	495	SHIRESCOT	495		-	-	-	-
■	F.P.	-	1700	1700	TR Technology Units	1700		30.15	-	2.4	-
325	F.P.	-	298	274	Telegraph	283	+1	N10.0	2.2	4.7	11.2
-	F.P.	-	14	13	Throg 1000 Smlr Co's Wts	13		-	-	-	-
-	F.P.	-	16	12½	Yorkshire TV Warrants	13	-1	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	110p	106½p	Fulcrum Inv Tst Zero Div Pf	106½p	-½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
10	Nil	7/10	7pm	6pm	§Malaya	6pm	
30	Nil	14/9	1½pm	¼pm	Novo	¼pm	
31½	Nil	8/9	3pm	1pm	Worthington	1pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. o Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of capitalisation. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ■ Units comprising 4 Ords. and 7 Zero Div. Prefs. and 4 Stepped Pref. shares. ♦ Units comprising 5 Ords. and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Sept. 1
- Last Dealings Sept. 11
- Last Declarations Nov. 26
- For settlement Dec. 7

3-month call rate indications are

NEWS DIGEST

Hartwell gains 51.6% of Trimoco

HARTWELL has won control of fellow motor dealer Trimoco after purchasing a further 8.41m shares.

The purchase brings the total number of shares owned by Hartwell and those acting in concert with it, including conversion shares, to 76.3m or 51.6 per cent of the fully diluted share capital.

Trimoco has recommended that shareholders accept Hartwell's increased and final offers which value the company at £29.6m.

Start-up costs leave Perry lower

The cost of three start-up operations had an adverse affect on Perry Group, the motor dealer, and its pre-tax profit was halved to £553,000 in the opening six months of 1992.

Profits generated from existing businesses almost matched the previous year, said Mr Richard Allan, chairman and chief executive.

New vehicle profits improved on unchanged volumes, but used car volumes and margins were down, and servicing and body repairing also fell. The parts operation "did well" to match last year, he said.

The half year profit was made on turnover of almost £151m, and compared with £1.11m generated from £154.1m. Earnings per share were halved to 2p but the interim dividend is again 2.75p.

Mr Allan said August sales were similar in size to last year, but the dealerships were reporting improved results.

Taylor Nelson turns in £1.6m

Taylor Nelson AGB has issued its first set of results since becoming the largest market research group within the UK.

That followed the merger this year of Taylor Nelson with AGB, RSGB, ASL and IMR.

In the six months ended June 30 1992, the expanded group produced turnover of £20.5m and a pre-tax profit of £1.61m, and has declared an interim dividend of 0.1p. Earnings came to 0.63p (0.05p).

Taylor Nelson's turnover rose from £8.1m to £10.4m while the AGB businesses generated £10.1m since acquisition. Last year's profit was £40,000.

Extraordinary charges of £625,000 included settlement of the Autocar litigation of £175,000, and provisions of £450,000 for rent arrears under original tenant liabilities resulting from the insolvency of tenants in leased properties which were sold by Addison Consultancy some years ago.

Broadcastle returns to the black

Broadcastle, the USM-quoted company which provides leasing, hire purchase and deposit taking facilities to the financial services sector, achieved a turnround from pre-tax losses of £96,000 to profits of £155,000 in the half year to June 30. Losses for the full 1991 year totalled £400,000.

However, the results are not directly comparable, Mr JF Hampson, the chairman, said, because of the closure of the recruitment division.

Turnover halved to £1.29m (£2.68m). Earnings per share emerged at 0.48p against losses of 0.38p.

Medeva pays £4.9m for SKB licences

Medeva, the pharmaceuticals group, has paid £4.9m to acquire the licences and trademarks of 28 products, with annual sales of £2.5m, from SmithKline Beecham.

This is the fifth acquisition by Medeva this year, and all have expanded its product range. Payment will be made in three instalments before March 31 1994. SmithKline Beecham will continue manufacturing the products.

Thompson Clive asset value up

Over the six months ended June 30 1992 net asset value of Thompson Clive Investments rose 6.1 per cent to 175p a share. A year earlier it stood at 166.7p.

Revenue fell from £718,000 to £584,000 and net profits were £166,000 (£262,000) for earnings per share of 1.3p (2.05p).

During the period £565,000 was invested in three companies, two of which are in the US and one in France.

Pittencrieff beats low US oil prices

Despite the recession and depressed oil and gas prices in the US, Pittencrieff increased its pre-tax profit by 42 per cent in the first half of 1992.

The group, also engaged in the communications business, saw turnover jump from £4.19m to £7.09m. The profit was up from £1.55m to £2.21m, and included £401,000 exceptional net gain on the sale of the shareholding in AmBrit International.

Gross profit rose almost 50 per cent to £2.7m despite margins being reduced from 42.4 to 37.5 per cent as a result of curtailed oil and gas volumes and low product prices, and the temporary impact of high operating costs inherited from recent communications acquisitions.

In communications, turnover more than doubled to \$9m (£4.5m) while gross profit doubled to \$2.9m.

Earnings were 9.4p (7.19p) and the interim dividend is 3p on increased capital (2.5p).

Sale Tilney cuts losses to £2.53m

Progress has been made towards resolving many of Sale Tilney's problems according to Mr Andrew Coppel, chief executive. However trading in the six months to May 27 had been disappointing with net liabilities increasing to £11.6m.

The company, with food, industrial, insurance and financial services interests, cut its pre-tax loss to £2.53m (£3.68m) on turnover of £44.2m (£69.3m) of which £11.2m (28m) related to discontinued businesses.

Debt was cut from £36.3m to £20.7m over the six months. The net interest charge was lower at £1.62m (£2.31m).

The outcome for the year was dependent on the progress of certain contracts in the industrial division.

After a £1.12m extraordinary surplus, attributable losses came out at £1.51m (£4.57m). Losses per share were 9.1p (13.6p). Again there is no dividend.

Cost cuts boost Gibbs & Dandy

An attack on costs enabled Gibbs & Dandy, the builders' merchant, to cut its pre-tax loss from £405,000 to £92,000 in the opening half of 1992.

Turnover fell 2.5 per cent to £11.3m because of the recession in the construction industry, with the consequent reduction in volume sales.

However, operating profit moved ahead from £65,000 to £121,000 as staff levels were cut by a further 5 per cent, bad debts were reduced through stricter control, and operating costs were tightened.

On top of that, interest charges were reduced by £85,000 to £213,000.

Losses per share worked through at 1.2p (5.1p).

Ensor tumbles £1.38m into the red

Ensor Holdings, which is engaged in the building and motor vehicle industries, ran up a pre-tax loss of £1.38m in the year ended March 31 1992 against a profit of £327,000.

Also there was an extraordinary charge of £1.65m for writing down assets and other losses consequent on the closure of the aggregate manufacturing business.

Turnover fell from £52.7m to £46.6m. Losses per share were 9.14p (earnings 2.3p).

Profits in vehicle dealership were £538,000 (£925,000), in distribution £2,000 (£218,000) and in metal products manufacture £154,000 (£229,000). The blocks and bricks side incurred a loss of £1.11m (£107,000).

ECONOMIC DIARY

TOMORROW: Annual Farnborough air show opens (until September 13). Third and final round of Lebanese elections.

MONDAY: Central Statistical Office publishes figures for credit business (July). The Department of the Environment issues statistics for housing starts and completions (July). Official opening day of campaign for September 20 referendum in France on the Maastricht treaty on European union. *Trades Union Congress in* Blackpool (until September 11). Conference in London called "Europe and the World after 1992" organised by the UK EC presidency, includes Mr John Major, prime minister, Mr Jacques Delors, European Commission *president*, and Mr Colin Powell, US general. Mr F.W. de Klerk, South African president, hosts conference on federalism in Pretoria.

TUESDAY: US consumer credit (July). Fisons interim figures.

WEDNESDAY: US wholesale sales and inventories (July). *Mr Vladimir Meciar, Slovak* prime minister, visits Budapest to discuss future relations with Hungary.

THURSDAY: Central Statistical Office publishes United *Kingdom* national accounts: 1992 edition (CSO Blue Book); United Kingdom balance of payments (CSO Pink Book). CBI survey of distributive trades (August). US jobless claims; capital spending (second quarter). Foreign ministers from the Council of Europe, the Commonwealth of Independent States and Georgia meet in Istanbul to discuss growing relations. British Tourist Authority annual report.

FRIDAY: British Steel/BISPA announce figures for usable steel production (August). Central Statistical Office issues retail prices index and tax and price index (August). Capital issues and redemptions (August) from the Bank of England and construction output (second *quarter — provisional*) from the Department of the Environment. US producer price index (August); housing completions (July).

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section. Friday September 4 1992.

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Sep 3 Index No.	Wed Sep 2 Index No.	Tue Sep 1 Index No.	Year ago (approx) Index No.	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (175)	692.65	-0.8	8.54	6.46	14.98	21.54	698.55	682.12	681.32	879.28	929.04 20/5	681.32 1/9	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	683.85	-0.4	7.94	8.10	17.07	27.19	686.77	661.99	674.03	1129.78	1121.52 11/5	661.99 2/9	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (27)	519.19	-0.5	6.38	11.49	35.39	25.52	522.05	508.39	521.02	1189.91	1069.64 11/5	508.39 2/9	1951.50 16/7/87	71.48 2/12/74
4	Electricals (9)	2046.56	+0.1	8.08	7.35	15.96	73.60	2044.56	2026.47	2043.21	2508.25	2758.50 22/5	2009.56 11/8	3040.80 8/9/89	84.71 25/6/62
5	Electronics (27)	1922.42	-1.0	8.40	4.48	14.85	46.26	1942.58	1918.04	1921.71	1813.29	2080.64 13/5	1655.93 13/1	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (6)	291.74	-3.0	12.36	8.93	10.26	11.27	300.61	299.78	296.67	416.01	406.10 20/5	291.74 4/9	502.42 13/6/90	291.74 4/9/92
7	*Engineering-General* (43)	424.32	-0.2	9.72	5.69	13.07	12.65	425.35	415.26	414.10	502.99	567.62 20/5	414.10 1/9	567.62 20/5/92	339.57 23/1/91
8	Metals and Metal Forming (7)	266.65	-2.1	6.52	8.26	22.31	7.30	272.25	266.21	263.26	456.99	379.31 18/5	259.51 26/8	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	287.17	-0.1	9.54	8.21	13.74	12.80	287.55	277.43	274.42	371.25	403.06 21/5	274.42 1/9	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (19)	1527.36	-0.9	8.20	5.42	14.65	38.28	1541.92	1501.97	1485.55	1671.19	1906.65 11/5	1485.55 1/9	1906.65 11/5/92	277.55 15/1/81
21	CONSUMER GROUP (191)	1496.69	-0.4	8.11	3.84	15.17	28.02	1502.56	1461.85	1453.86	1590.33	1761.38 11/5	1446.17 25/8	1761.38 11/5/92	61.41 13/12/74
22	Brewers and Distillers (25)	1905.49	+0.2	8.72	3.84	13.83	37.45	1901.72	1839.30	1827.22	1947.18	2278.85 11/5	1825.24 28/8	2278.85 11/5/92	69.47 13/12/74
25	Food Manufacturing (19)	1086.39	-0.7	9.94	4.86	12.45	26.54	1094.09	1083.63	1084.45	1234.71	1327.80 11/5	1083.63 2/9	1327.80 11/5/92	59.67 11/12/74
26	Food Retailing (18)	2635.43	-0.7	9.30	3.46	14.01	47.40	2652.81	2605.11	2605.86	2751.63	2998.16 18/5	2293.80 10/1	2998.16 18/5/92	54.25 11/12/74
27	Health and Household (25)	3862.05	.....	7.16	2.76	15.92	42.46	3863.21	3727.07	3692.80	3775.45	4654.94 14/1	3648.63 26/8	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (18)	980.97	-0.5	8.20	6.98	15.94	38.02	985.45	959.03	952.75	1385.70	1450.36 13/5	952.75 1/9	1845.77 8/9/89	54.83 9/1/75
30	Media (26)	1433.73	-0.3	7.03	3.67	17.73	29.64	1438.76	1404.33	1391.82	1529.77	1721.09 11/5	1376.55 25/8	1721.09 11/5/92	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	704.90	-1.0	7.60	4.70	16.15	16.15	712.07	709.95	704.30	785.72	875.53 13/5	698.60 26/8	875.53 13/5/92	43.46 6/1/75
34	Stores (34)	956.15	-1.2	7.44	3.91	17.89	17.01	967.54	936.65	934.14	1036.43	1135.66 27/4	907.08 25/8	1160.58 29/7/87	52.63 6/1/75
35	Textiles (9)	575.72	-1.0	7.99	5.40	15.82	15.02	581.37	564.05	555.57	651.16	756.70 8/5	551.94 25/8	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (117)	1199.00	-0.6	10.40	5.66	12.03	37.04	1205.65	1173.34	1166.81	1304.40	1359.32 11/5	1140.56 3/4	1359.32 11/5/92	58.63 6/1/75
41	Business Services (17)	1218.45	-1.6	7.01	4.26	17.41	21.45	1238.63	1186.63	1160.34	1443.37	1511.16 11/5	1160.34 1/9	1511.16 11/5/92	892.28 1/2/91
42	Chemicals (22)	1278.41	-1.0	7.68	5.69	16.16	45.85	1291.25	1255.66	1243.05	1490.01	1629.99 8/5	1243.05 1/9	1629.99 8/5/92	71.20 1/12/74
43	Conglomerates (10)	1138.09	-0.2	10.05	9.66	12.75	37.23	1140.61	1087.92	1089.23	1526.57	1509.94 11/5	1087.92 2/9	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2248.76	-1.1	8.90	5.25	13.82	55.92	2273.68	2194.63	2138.63	2368.04	2790.11 20/5	2133.26 26/8	2790.11 20/5/92	90.80 29/6/62
45	Electricity (16)	1354.28	+1.6	15.36	5.42	8.39	44.58	1333.01	1327.93	1336.04	1255.03	1371.71 7/7	1044.63 7/4	1371.71 7/7/92	994.96 7/1/91
46	Telephone Networks (4)	1394.60	-1.6	10.84	4.74	12.02	46.15	1417.41	1372.26	1364.68	1570.63	1505.86 22/5	1274.20 3/4	1658.67 2/10/91	517.92 30/11/84
47	Water (11)	2856.23	-0.9	15.68	6.06	7.06	86.85	2883.29	2885.73	2870.93	2539.85	2963.70 26/8	2140.95 8/4	2963.70 26/8/92	1820.20 1/5/90
48	*Miscellaneous* (23)	1927.01	+0.5	6.90	5.25	18.20	54.03	1916.84	1861.34	1865.56	1947.79	2167.85 11/5	1770.94 3/1	2167.85 11/5/92	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	1199.65	-0.5	8.93	4.88	13.95	29.75	1205.92	1174.09	1168.49	1326.09	1427.97 11/5	1168.49 1/9	1427.97 11/5/92	59.01 13/12/74
51	Oil & Gas (17)	1811.78	-1.4	7.56	7.04	17.29	69.56	1837.63	1807.62	1813.28	2469.89	2226.66 2/1	1756.72 7/8	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1258.95	-0.6	8.80	5.09	14.22	32.95	1266.66	1234.51	1229.61	1424.67	1493.99 11/5	1228.86 26/8	1493.99 11/5/92	63.49 13/12/74
61	FINANCIAL GROUP (83)	663.87	-1.0	-	6.60	-	26.05	670.28	650.16	645.75	846.06	802.65 20/5	631.13 25/8	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	905.71	-1.5	7.08	6.08	20.36	36.70	919.66	894.25	885.54	990.15	1026.34 20/5	790.95 3/4	1026.34 20/5/92	62.44 12/12/74
65	Insurance (Life) (6)	1361.61	+0.6	-	6.55	-	45.47	1353.67	1311.87	1310.93	1617.92	1613.38 21/5	1243.61 6/4	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	456.81	-0.9	-	6.58	-	15.81	460.97	435.52	431.27	678.82	564.54 13/5	418.66 27/7	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	577.65	+0.6	12.29	9.49	10.67	39.26	574.09	561.93	563.61	1131.11	1031.35 27/1	527.43 25/8	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	404.68	+0.1	-	5.34	-	12.37	404.37	396.85	395.49	451.78	521.89 22/5	395.41 28/8	547.59 12/10/87	31.21 7/1/75
69	Property (30)	503.48	-1.1	11.99	8.84	11.10	21.34	509.24	497.16	496.83	952.31	799.69 20/1	495.64 25/8	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (14)	217.96	+0.2	9.17	7.97	14.33	6.63	217.53	215.81	215.89	268.91	271.79 26/5	215.81 2/9	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	1050.95	-0.6	-	4.27	-	24.24	1057.25	1034.63	1036.96	1261.80	1273.08 11/5	1024.12 25/8	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (653)	1116.19	-0.7	-	5.26	-	30.86	1123.51	1094.45	1089.89	1284.07	1326.36 11/5	1086.13 25/8	1326.36 11/5/92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 3	Sep 2	Sep 1	Aug 28	Aug 27	Year ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♦	2362.2	-19.7	2396.4	2352.1	2381.9	2313.0	2298.4	2312.6	2311.6	2667.4	2737.8 11/5	2281.0 25/8	2737.8 11/5/92	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Sep 4	Day's change %	Thu Sep 3	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (22)	121.75	+0.25	121.45	2.23	8.49
2	5-15 years (25)	137.20	+0.52	136.50	1.95	9.59
3	Over 15 years (8)	150.63	+0.79	149.44	2.38	8.14
4	Irredeemables (6)	169.88	+0.03	169.84	2.44	8.83
5	All stocks (61)	135.11	+0.46	134.50	2.12	9.22
	Index-Linked					
6	Up to 5 years (2)	169.70	+0.11	169.52	0.20	3.25
7	Over 5 years (10)	146.98	+0.28	146.57	0.79	3.33
8	All stocks (12)	148.95	+0.26	148.57	0.71	3.29
9	Debs & Loans (62)	120.16	+0.52	119.54	2.18	8.26

	AVERAGE GROSS REDEMPTION YIELDS		Fri Sep 4	Thu Sep 3	Year ago (approx.)	1992 High	1992 Low
	British Government						
1	Low	5 years	8.79	8.82	8.65	9.43 2/4	7.91 1/6
2	Coupons	15 years	8.79	8.83	9.53	9.72 1/4	8.65 9/7
3	(0%-7¾%)	20 years	8.79	8.83	9.53	9.72 1/4	8.65 9/7
4	Medium	5 years	9.45	9.53	9.75	10.28 1/4	9.01 3/7
5	Coupons	15 years	9.02	9.09	9.70	9.82 1/4	8.84 1/6
6	(8%-10¾%)	20 years	8.93	8.99	9.67	9.76 1/4	8.81 2/6
7	High	5 years	9.70	9.78	9.94	10.50 1/4	9.22 3/7
8	Coupons	15 years	9.24	9.32	9.80	9.96 1/4	9.00 22/5
9	(11%-)	20 years	9.11	9.17	9.73	9.86 1/4	8.95 22/5
10	Irredeemables	†	9.00	9.00	9.76	9.92 2/4	8.95 14/7
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.61	4.62	3.79	4.66 1/9	3.52 4/3
12	Inflation rate 5%	Over 5 yrs.	4.62	4.64	4.23	4.73 1/9	4.27 17/2
13	Inflation rate 10%	Up to 5 yrs.	3.87	3.87	2.85	3.90 1/9	2.86 4/3
14	Inflation rate 10%	Over 5 yrs.	4.45	4.46	4.04	4.54 1/9	4.07 17/2
15	Debs &	5 years	10.56	10.83	11.44	11.51 6/4	10.30 8/6
16	Loans	15 years	10.39	10.45	11.21	11.22 6/4	10.07 1/6
17		25 years	10.27	10.32	11.05	11.02 6/4	9.98 1/6

♦Opening index 2380.5; 9 am 2388.8; 10 am 2381.0; 11 am 2374.6; Noon 2373.2; 1 pm 2372.3; 2 pm 2361.9; 2.30 pm 2354.9; 3 pm 2362.6; 4.10 pm 2362.7; (a) 8.47am (b) 2.13pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, Londonoducts relating to these indices. Tel: 071-873 4623. CONSTITUENT CHANGES: DELETIONS: Shandwick (30), Union Discount Co (70); ADDITION: British Bio-Technology Group (27).

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*570)	500	83	92	103	2½	6½	10
	550	42	55	68	11	19	24
	600	16	29	42	35	45	48
ASDA (*25)	20	7	7	9	1½	2½	3
	25	3½	5½	6½	3	4½	5
	30	1½	3½	5	8	7½	8½
Brit. Airways (*251)	220	37	42	48	3	6	8
	240	21	28	35	6½	13	15
	260	10½	19	25	16	22	25
SmKl Beecham A (*465)	425	51	64	-	3½	8	-
	450	30	46	-	8½	16	-
	475	17	31	-	21	27	-
Boots (*450)	420	43	54	64	5	12	15
	460	17	29	39	26	26	31
B.P. (*196)	180	22	26	29	3½	7	9
	200	9	15	18	11	15½	18
British Steel (*49)	45	7½	9½	11	3	5	5
	50	5	7	8½	5	8	8½
Bass (*497)	460	52	57	66	5½	14	17
	500	23	31	42	17	31	35
C & Wire (*532)	500	45	59	71	8	15	20
	550	15	31	44	29	38	42
Courtaulds (*437)	420	33	43	53	8	16	20
	460	11	23	32	30	36	40
Com. Union (*464)	460	24	38	44	12	17	27
	500	7	19	24	40	43	50
Fisons (*175)	160	27	34	41	10	18	22
	180	14	24	31	19	29	34
GKN (*337)	330	21	32	38	8½	13	19
	360	7	17	22	27	30	37
Grand Met. (*412)	400	27	85	-	10	4½	-
	425	13	64	-	22	8	-
I.C.I. (*1092)	1050	74	107	125	14	27	46
	1100	40	75	90	32	48	67
Kingfisher (*433)	420	29	40	52	14	22	25
	460	10	22	32	41	45	48
Ladbroke (*149)	140	17	24	28	10	16	18
	160	8	15	20	23	28	30
Land Secur (*368)	360	23	28	37	7	13	16
	390	7½	15	22	23	30	33
M & S (*306)	300	21	31	39	8½	15	17
	330	7	16	23	27	32	34
Sainsbury (*458)	420	50	59	69	4½	10	11
	460	22	32	42	14	22	24
Shell Trans. (*463)	460	14	27	32	15	19	28
	500	3	10½	14	48	48	52
Storehouse (*125)	120	11	17	19	6	10	11
	130	7	11	14	11	15	16
Trafalgar (*44)	40	8½	10½	12½	4½	7½	9½
	45	6½	8¼	10½	6½	10½	11½
Utd. Biscuits (*266)	260	18	24	27	8	12	18
	280	6	12	18	20	23	28
Unilever (*931)	900	65	85	104	8	17	22
	950	30	52	72	25	34	41

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero (*212)	200	31	41	42	22	30	35
	240	15	25	26	48	55	58
	260	10	18	21	63	70	72
BAA (*660)	600	80	92	105	6	13	17
	650	44	57	74	20	30	34
	700	20	35	48	50	59	62
BAT Inds (*737)	700	67	90	97	13	22	30
	750	35	58	66	35	42	53
	800	16	37	45	67	75	82
BTR (*411)	390	29	42	46	11	15	21
	420	14	26	31	26	30	36
	460	4½	13	17	59	60	62
Brit. Telecom (*350)	330	34	41	46	5½	9½	12
	360	14	21	28	17	22	24
Cadbury Sch (*425)	420	26	40	45	15	21	27
	460	10	22	30	42	47	52
Eastern Elec (*276)	260	26	33	39	6	11	13
	280	16	21	27	14	18	20
Guinness (*542)	500	60	77	84	7½	12	17
	550	26	44	54	26	32	37
GEC (*234)	220	23	27	32	4½	6½	8
	240	10	15½	20½	11	15	17
Hanson (*196)	180	22	24½	28½	3	5½	8
	200	8½	12½	17	9½	13	17
LASMO (*125)	120	17	22	25	9	13	15
	130	11	17	20	15	18	21
Lucas Inds (*86)	80	14	17	16	7½	10	13
	90	8½	11	15	13	16	18
P & O. (*351)	330	36	48	55	21	28	40
	360	20	35	41	39	45	57
Pilkington (*88)	80	16	21	24	5½	10	12
	90	12	15	18	10	14	16
Prudential (*229)	220	16	23	24	7½	11	15
	240	6½	14	15	20	22	25
R.T.Z. (*511)	500	35	51	57	17	22	30
	550	13	27	33	48	51	57
Scot. & New (*394)	390	26	34	41	15	20	24
	420	12	20	28	32	36	38
Tesco (*219)	200	27	33	37	4½	6½	8½
	220	13	21	24	12	14	16
Thames Water (*431)	430	27	34	43	12	15	17
	460	7	15	23	36	37	39
Vodafone (*302)	300	22	31	36	15	22	25
	330	10	18	24	34	39	42

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*266)	240	30	40	46	1	3½	7
	260	12	25	32	2½	8½	13
	280	2½	14	20	14	18½	23
Amstrad (*21)	15	8	8½	9	1½	2	2½
	20	3	4	5½	2	4	4½
	25	1	3	4	6	7	7½
Barclays (*292)	260	36	47	55	1	5½	12
	280	17	33	41	3	11	20
	300	5	22	30	11	20	30
Blue Circle (*160)	140	25	27	33	1½	5½	7
	160	8	15	21	5½	14	15
	180	1½	6	12	20	27	28
British Gas (*239)	220	21	24	30	1½	6½	8
	240	5	12	18½	5½	15	18
Dixons (*192)	180	14	25	31	4	8½	12
	200	4½	15	22	12	17	22
Eurotunnel (*380)	360	29	53	68	7	23	35
	390	10	37	87	3	13	22
Glaxo (*748)	700	55	79	100	4	26	36
	750	18	53	73	18	51	60
Hillsdown (*97)	90	13	22	28	4	14	18
	100	6	17	23	7	19	24
Lonrho (*70)	70	3½	9	11	3	7	10½
	80	1	5	7	13	13	15
HSBC (75p shs) (*346)	330	17	37	45	4½	15	22
	360	3½	21	30	21	30	40
National Power (*246)	235	15	-	-	2	-	-
	260	2	12	16½	15	19	22
Reuters (*1082)	1050	47	103	133	8	38	52
	1100	17	70	102	30	60	75
R. Royce (*123)	120	5	10½	14	4½	8	12
	130	2	6	9½	12	14	17½
Scottish Power (*190)	180	4½	11	15	3½	5½	8½
	190	2	6½	-	12	13	-
Sears (*67)	60	9	11	13	1	3	4
	70	2	5½	7½	5	8	9
Forte (*129)	120	13	21	25	3½	11	14
	130	5½	14	20	6	16	19
Thorn EMI (*685)	669	26	-	-	6	-	-
	719	4	-	-	34	-	-
TSB (*124)	120	8½	15	17	1½	5½	8
	130	2½	9	12	7	11	13
Vaal Reefs (*$34)	30	6	7½	8	1	2½	3
	35	2	4½	5½	2	4½	5½
Wellcome (*825)	800	32	69	97	8	33	50
	850	7	44	67	32	62	77

EURO FT-SE INDEX (*2362)

	2175	2225	2275	2325	2375	2425	2475	2525
CALLS								
Sep	206	156	110	67	34	14	5	2
Oct	226	182	142	107	75	51	33	20
Nov	-	205	-	131	-	76	-	39
Dec	-	225	-	155	-	95	-	52
Mar	-	265	-	193	-	135	-	88
Jun	-	300	-	230	-	170	-	122
PUTS								
Sep	3	6	9	15	34	63	104	152
Oct	16	23	33	45	63	88	119	155
Nov	-	31	-	55	-	97	-	157
Dec	-	37	-	57	-	98	-	153
Mar	-	50	-	73	-	110	-	158
Jun	-	65	-	85	-	120	-	162

FT-SE INDEX (*2362)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Sep	185	135	92	50	23	9	4	2
Oct	209	165	127	92	64	43	27	16
Nov	227	186	150	119	90	65	48	32
Dec	250	210	177	140	112	82	62	45
Jun †	320	-	250	-	190	-	140	-
PUTS								
Sep	2½	5½	12	24	49	91	141	191
Oct	18	26	37	54	78	108	146	192
Nov	26	37	49	67	90	118	148	195
Dec	32	42	52	62	94	123	156	197
Jun †	60	-	88	-	130	-	183	-

September 4 Total Contracts 33,076
Calls 17,315 Puts 15,761
FT-SE Index Calls 7,318 Puts 10,548
Euro FT-SE Calls 822 Puts 1,958
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry mths. Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	37	Ladbroke	18	Sears	8½	**OILS**	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¼
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	**MINES**	
Bowater	60	Glaxo	52	Racal Elect	5½	**PROPERTY**		RTZ	47
Brit Aerospace	26	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec.	30		
BT	25	Hanson	18	Ratners	3	MEPC	26		
Cadburys	38	ICI	95	Reed Intl	44				

Carrefour chairman quits after sharp fall in profits

By Alice Rawsthorn in Paris

MR MICHEL Bon, a leading figure in French retailing, yesterday resigned as chairman of the Carrefour hypermarket group following the news of a sharp fall in net profits.

The group's profits dived to FFr277m ($57.9m) in the first half of this year from FFr593m in the same period of 1991.

The fall was due to Carrefour's problems in intergrating the Euromarché chain of supermarkets acquired in a FFr5.22bn deal last year.

Mr Bon was the architect of the Euromarché deal which triggered a series of similar takeovers by other companies in France's increasingly concentrated food retailing sector.

Carrefour was clouded by speculation about its interim result, and by rumours of Mr Bon's resignation, for most of yesterday. Carrefour's shares fell sharply during the morning until they were suspended on the Paris stock market at FFr2,300, down FFr179 on the previous day.

Mr Bon's resignation marks the end of a period in which Carrefour has emerged as one of the most dynamic forces in French retailing. He will be replaced in the short term by a supervisory management committee which will be formed to run Carrefour.

The Euromarché acquisition formed part of the on-going consolidation of the food sector, in which the larger players have expanded to counter the maturity of the French market and the growing power of multinational food manufacturers, such as BSN of France and Nestlé of Switzerland.

Earlier this summer Casino, another big player in French food retailing, followed the precedent set by Carrefour by buying the Rallye chain.

Carrefour has spent the past year merging Euromarché's operations with its own management and buying systems. The merger has, however, run into problems although it said yesterday that it was still on course for an increase in net profits for 1992, probably 10 per cent higher than 1991 when it made FFr1.21bn on sales of FFr100bn.

Club Med returns to the black

By Alice Rawsthorn

CLUB Mediterranée, one of France's largest travel groups, yesterday announced its return to the black with net profits of FFr20.3m ($4.24m) in the six months to April 30. This compares with a net loss of FFr87.5m in the same period of the previous year.

The company, which recently announced plans for a FFr1bn bond issue, attributed its return to profit to an improvement in demand at its European and African interests during the winter.

It said demand had since stabilised and it expected its performance in the second six months of the year to be much the same as that in the latter half last year. However, it still expects to meet its target of net profits of FFr240m for the full financial year.

The group, like other holiday companies, suffered severely from the disruption to international travel caused by the Gulf War during the opening months of 1991. It benefited from an improvement in demand during the same period this year, despite the sluggish economic environment.

Turnover rose modestly from FFr3.4bn to FFr3.8bn, but operating profits rose more sharply, from FFr71.6m to FFr176.2m. The company received an exceptional profit of FFr36.7m, against an exceptional loss in the previous year of FFr12.6m.

Club Med is in the throes of an expansion and renovation programme financed partly by the proceeds of the bond issue. It plans to renovate its villages and to build new ones, chiefly to bolster its position in the French market.

● Euro Disney, the Paris-based leisure group which has been clouded by controversy over attendance levels at its Euro Disneyland theme park outside Paris this spring, yesterday announced that 6m visitors had been to the park since the opening on April 12.

The period since the opening should be the busiest part of Euro Disneyland's year, suggesting the group is still below its target of 11m visitors in its first year.

Mr Philippe Bourguignon, Euro Disney's newly appointed president, said attendance to date surpassed admissions during the first five months of operations at the Disney park in Tokyo by more than 1.5m people.

Arvis resigns from Groupe Victoire

By Alice Rawsthorn

MR Jean Arvis (56) is to resign as chairman of Groupe Victoire, one of France's larger insurance groups next month.

He will be replaced by Mr Gerard Worms, a prominent figure in French finance who heads Suez, the company that controls Victoire.

Victoire is enmeshed in a controversial series of negotiations between Mr Worms and Mr Jean Peyrelevade, chairman of Union des Assurances de Paris (UAP), the biggest French insurer, over UAP's plans to swap part of its holding in Victoire for shares in Colonia, a German insurance company.

Attali confirms first-half deficit for Air France

By Daniel Green

AIR FRANCE, the French state-owned airline, will show a loss for the first half of 1992, Mr Bernard Attali, chairman, confirmed yesterday. The airline will also put forward a new plan to cut costs next month. He did not say how big Air France's losses would be and gave no details of any cost-cutting schemes.

In June Mr Attali said it was unlikely Air France would manage to break even in 1992, but he hoped to achieve this in 1993.

Air France, like other airlines, has suffered from the combined effects of the recession in many world markets and the hangover from the slump caused by the Gulf crisis.

In the first half of 1992 Air France and its subsidiary Union des Transports Aeriens, carried just 0.8 per cent more passengers than in the same period of 1991. Cargo traffic fell by 6.7 per cent.

It is the world's third biggest airline by sales and has lost a total of FFr1.4bn ($292m) during the past two years. It has already put in place a plan to cut FFr1.5bn costs a year, under which it expects to lose 3,000 jobs.

The European Commission in July approved a FFr1.25bn injection by the state-owned Banque Nationale de Paris for an 8.8 per cent stake in Air France.

Philip Morris to open plant in Russia

By Leyla Boulton in Moscow

PHILIP Morris, the US tobacco group, yesterday unveiled an agreement to build a factory to produce Marlboro cigarettes in the St Petersburg region in Russia.

The deal with the regional administration is to set up a factory near the town of Vyborg, employing at least 600 workers and costing "several dozen" million dollars.

It follows a similar agreement reached by RJR Nabisco, the US tobacco and foods group, to produce other well-known western brands in the same part of Russia.

The Philip Morris target is to produce 10bn cigarettes a year at the factory, which is expected to be completed towards the end of 1993.

Yesterday's announcement in St Petersburg was preceded by a marketing campaign in Russia's second city, with kiosks selling Marlboro at less than the price charged by new private Russian businesses and glossy adverts appearing in the local subway.

On Tuesday, Philip Morris executives met Russian government officials to discuss ways in which Russia might repay a debt of $98.7m worth of cigarettes delivered in 1991 after Moscow was hit by "tobacco riots" as a result of a domestic shortages.

Strapped for hard currency, Russia has offered to repay the debt with a combination of raw materials, real estate and roubles.

Marlboro is currently manufactured in Samara as part of the Constellation joint venture between Philip Morris, the Samara Tobacco Factory and the AvtoVaz Industrial Corp.

TWA registers improvement

By Nikki Tait in New York

TRANS WORLD Airlines, the US carrier owned by Mr Carl Icahn and operating under the protection of Chapter 11 of the Bankruptcy Code, reported a $28.7m operating loss for July. This was significantly smaller than the $43.3m deficit seen in the previous month.

At the after-tax level, however, TWA moved into the black, showing a $92.7m profit. This was due to proceeds from assets sales, which totalled $125.1m in July. In June, the net loss for the carrier was $50.3m.

July revenues were $332.9m, against $304.8m in June.

Krupp Stahl plunges into the red

By Christopher Parkes in Bonn

DEPRESSED steel prices and rising pay costs pushed Krupp Stahl into a DM32m ($22.8m) pre-tax loss in the first six months of this year, after a DM44m profit last time.

There were no significant signs of improvement in leading steel markets, and the full year's results would depend on further cost reductions and price developments, the company said yesterday.

Efforts so far to reduce costs, including cutting 1,500 jobs, had no effect. Total pay costs rose DM40m, pushed up by a 6.4 per cent wage settlement earlier this year and influenced by acquisitions which brought 1,000 new workers on to the payroll.

Current indications on the price front are not encouraging. The company said increases noted at the start of the year had not been maintained. Although the core steel division's order intake was 14 per cent higher than in the first half of 1991 in volume terms, the value was unchanged.

A 7.5 per cent order increase in other sectors was due entirely to acquisitions.

Group sales, affected by falling product prices and reductions in output caused by plant modernisation, fell DM190m to DM3.76bn.

Krupp, which is integrating the steel operations of the recently acquired Hoesch group, is counting on economics of scale to improve results in future years.

For the present, the group is suffering together with the rest of German industry from the effects of recession abroad and fading demand at home.

Market conditions worsened further last month, according to figures from the federal statistics office.

August raw steel output in western Germany fell 3.7 per cent compared with the same month in 1991. In the eight months to the end of August, production was down 1.3 per cent.

Agnellis to sell off Moog for $355m

By Alan Friedman in New York

COOPER Industries, the diversified US electrical products, tools and hardware, auto products and industrial equipment group, is to pay $355m in cash to buy Moog, the Agnelli family's US automotive parts business.

The Texas-based Cooper, which has 54,000 employees and had a turnover of $6.2bn in 1991, is buying Moog from Ifint, the Luxembourg-based Agnelli family holding vehicle.

A spokesman for Ifint said the total value of the transaction was $610m, consisting of the $355m in cash plus the assumption of Moog's debts. Cooper said the effect of the deal would be to increase its outstanding debt by $580m to $600m.

The Ifint spokesman said the price being paid was equivalent to 26 per cent of the book value of the Agnelli family holding company's total assets. He said Moog last year contributed 10 per cent of Ifint's $240.5m of profits.

Ifint gave no specific reason for the sale, other than to say it had owned Moog for 15 years and realised its value. "It makes sense to sell," the company spokesman said.

Moog Automotive, based in St Louis, Missouri, is a leading manufacturer of automotive replacement parts for domestic and foreign automobiles and light trucks.

The company, which has 3,000 employees and 25 plants, manufactures a broad line of steering, suspension and temperature control products and also distributes a line of foreign replacement parts.

Moog's revenues in 1991 were $478m.

Cooper said Moog would become part of its automotive products division, which will be based in St Louis. This division includes Anco, Belden Automotive Wire and Cable, Champion Spark Plug and Champion Aviation.

Ifint, which has a range of real estate, agriculture and industrial holdings in the US, operates from New York, Paris and Zurich.

Cooper's share price fell by ¼ to $47 yesterday.

Heineken sees steady growth

By David Brown in Amsterdam

HEINEKEN, Europe's leading brewer, has announced a 17.4 per cent rise in first-half profit before extraordinary income from Fl 168m to Fl 197.7m ($125m).

The group expects a "markedly higher" 1992 result, compared with the Fl 410m achieved in 1991, but cautions that its full-year growth rate will "probably not" exceed 12 per cent.

Turnover advanced by 9.3 per cent to Fl 4.59bn, due mainly to higher sales volume, especially of premium and non-alcohol beers, but also better average selling prices.

Europe was the biggest growth market geographically but beer demand has not yet regained the high level seen before the Gulf war, and consumer behaviour remains "cautious".

Despite a big rise in marketing outlays, overall cost growth was 9.1 per cent to Fl 4.25bn.

Heineken's net profit advanced 39 per cent to Fl 235m, helped by Fl 37m in extraordinary income stemming from the sale of property in Singapore. A further Fl 25m income is expected in the second half.

There were no one-off gains in the first half last year.

Trading profit, which excludes income from unconsolidated shareholdings and interest charges, was up 12.2 per cent from Fl 298m to Fl 334m.

The first-half result was flattened by charges in connection with restructuring the loss-making Spanish operation, El Aguila.

Heineken is to pay an unchanged interim dividend of Fl 1.50 per share.

Top Japanese brokers face downgrading

By Emiko Terazono in Tokyo

MOODY'S Investment Service, the US credit rating agency, has placed the credit ratings of Japan's Big Four brokerage houses - Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities - under review for possible downgrades.

Moody's said it would focus on the long-term earnings outlook and cost-control measures of the securities houses.

While the recent rise in the Tokyo stock market has encouraged hopes among investors of an earnings recovery, Japanese brokers still face high operating costs due to the over-expansion of the 1980s.

The brokers have not been able to produce effective cost cutting measures, due to the Japanese practice of life-time employment.

Financial deregulation, where the barrier between the securities and banking industries is expected to be eased next year, will also affect brokers' profitability.

Nomura currently has a long-term debt rating of Aa2, Daiwa A1, Nikko A2, and Yamaichi A3.

Elsevier 19% ahead at midway

By David Brown

ELSEVIER, the expansive Dutch publisher, reported a strong 19.7 per cent rise in pre-tax operating profit to Fl 315.6m ($199.7m) for the six months ended June, helped by vigorous growth in its scientific, professional and business information services.

Trading profit, which excludes income derived from non-consolidated companies and interest earnings, advanced by 30 per cent to Fl 282.3m.

This was largely due to the first-time inclusion of results from Pergamon, the UK-based scientific publisher acquired for £440m ($875.6m) in mid-May, 1991, from Maxwell Communications Corp.

The after-tax net profit was up 16.9 per cent to Fl 226.4m. This included extraordinary income of Fl 40m, stemming from Elsevier's sale of its RTL4 television holding to VNU, its fellow Dutch publisher.

Elsevier said its consumer-information business posted lower earnings as a result of the slump in advertising sales at its Dagbladunie division, and further costs reductions were planned.

Group turnover rose 13 per cent to Fl 1.23bn.

The war chest of liquid assets swelled from Fl 170m to Fl 515m. The Elsevier group is known to be seeking a large publisher in the US business, professional or consumer-information market.

Elsevier reiterated its forecast that full-year net income will climb by 25 per cent from the Fl 384.8m achieved in 1991.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$341.50	+1.5	$348.60	$358.40	$335.20
Silver Per troy oz	188.47p	+0.89	234p	242.70p	187.58p
Aluminium 99.7% (cash)	$1278	-21	$1258.5	$1339.0	$1105.5
Copper Grade A (cash)	£1251.5	-5.5	£1369	£1340.5	£1125.0
Lead(cash)	£326	-11.5	£316	£383.5	£278.50
Nickel (cash)	$7080	-155	$7740	$8195.0	$7052.5
Zinc SHG (cash)	$1436.75	+21.75	$1024.5	$1457.5	$1106.5
Tin (cash)	$6735	-67.5	$5565.5	$7115.0	$5425.0
Cocoa Futures (Dec)	£631	+3	£743	£773	£523
Coffee Futures (Nov)	$788	+28	$564	$1013	$676
Sugar (LDP Raw)	$249.4	-6.4	$237	$272.6	$193
Barley Futures (Nov)	£112.75	n/c	£113.70	£123.90	£106.90
Wheat Futures (Nov)	£115.80	+0.05	$116.60	£131.85	£109.85
Cotton Outlook A Index	57.05c	-0.4	70.95c	65.90c	52.25c
Wool (64s Super)	368p	+4	360p	480p	364p
Oil (Brent Blend)	$20.15	+0.475	$20.175	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb x-Oct

COCOA - London FOX			£/tonne	
	Close	Previous	High/Low	
Sep	601	603	607	597
Dec	631	633	632	624
Mar	660	662	662	654
May	675	684	680	672
Jul	692	700	695	692
Sep	716	709	716	709
Dec	738	739	738	
May	784	790	784	

Turnover: 2691 (4800) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 3 809.85 (785.77) 10 day average for Sep 4 809.55 (809.86)

COFFEE - London FOX			$/tonne	
	Close	Previous	High/Low	
Sep	764	765	768	758
Nov	788	795	798	786
Jan	797	804	804	793
Mar	810	810	813	806
May	815	811	815	813
Jul	829	825	829	

Turnover:2696 (4851) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 3: Comp. daily 47 58 (47.34) 15 day average 45.77 (45.61)

POTATOES - London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	61.5	61.5	62.5	61.5

Turnover 33 (66) lots of 20 tonnes.

SOYAMEAL - London FOX			£/tonne
	Close	Previous	High/Low
Dec	121.00	119.0	121.00
Feb	123.00	-	123.00

Turnover 20 (0) lots of 20 tonnes

FREIGHT - London FOX			$10/index point	
	Close	Previous	High/Low	
Sep	1110	1100	1110	
Oct	1204	1186	1205	1195
Nov	1205	1195	1205	1199
Jan	1225	1228	1225	
Apr	1280	1275	1280	
Jul	1130	1118	1130	
Oct	1310	1288	1310	1300
Jan	1325	1310	1325	
BFI	1059	1059	1059	

Turnover 102 (96)

GRAINS - London FOX			£/tonne
Wheat	Close	Previous	High/Low
Sep	113 65	113.50	113.65
Nov	115.80	115.60	115 80
Jan	119.45	119.40	119.45
Mar	122.45	122.45	122.45
May	125 55	-	125.55
Barley	Close	Previous	High/Low
Nov	112.75	112.60	112.75
Jan	116.40	-	116.40
Mar	119 50	-	119.50

Turnover: Wheat 49 (135), Barley 55 (15).
Turnover lots of 100 Tonnes.

PIGS - London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
Sep	106 5	107.0	106 5
Apr	104 0	104.0	104 0

Turnover6 (17) lots of 3,250 kg

LONDON METAL EXCHANGE		(Prices supplied by Amalgamated Metal Trading)				
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 27,381 lots	
Cash	1277.5-8.5	1281-2		1273.5-4.0		
3 months	1302-2.5	1305-6	1302.5/1289	1297-8	1299.5-00	176,529 lots
Copper, Grade A (£ per tonne)					Total daily turnover 36,640 lots	
Cash	1251-2	1246-8	1267/1250	1266-7		
3 months	1277-8	1274-5	1291/1275	1291-2	1276-7	144,465 lots
Lead (£ per tonne)					Total daily turnover 4,311 lots	
Cash	325.5-6.5	328-30	328.5/328	328-8.5		
3 months	334-5	336-7	337.5/331	337.5-8.0	331-2	28,512 lots
Nickel ($ per tonne)					Total daily turnover 4,971 lots	
Cash	7075-85	7050-5	7055/7050	7055-6		
3 months	7150-60	7125-30	7166/7125	7120-5	7165-70	26,007 lots
Tin ($ per tonne)					Total daily turnover 1,924 lots	
Cash	6730-40	6740-50		6700-10		
3 months	6770-75	6780-90	6800/6740	6745-50	6785-90	11,852 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 10,048 lots	
Cash	1436-7.5	1444-5		1441-2		
3 months	1392-3	1394-4.5	1397/1389	1396-7	1391.5-2	68,595 lots

LME Closing £/$ rate:
SPOT: 1.8950 3 months: 1.9641 6 months: 1.9293 9 months: 1.9011

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Oct	21.78	21.67	21.78	21.63
Nov	21.61	21.51	21.62	21.50
Dec	21.49	21.39	21.49	21.39
Jan	21.37	21.28	21.37	21.33
Feb	21.24	21.17	21.24	21.17
Mar	21.12	21.06	21.13	21.10
Apr	21.02	20.95	21.02	20.97
May	20.91	20.84	20.91	20.88
Jun	20.78	20.74	20.81	20.77
Jul	20.76	20.65	20.76	20.68

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Oct	61.05	60.60	61.10	60.60
Nov	62.05	61.57	62.05	61.65
Dec	63.05	62.70	63.10	62.75
Jan	63.55	63.13	63.55	63.30
Feb	62.40	62.13	62.46	62.30
Mar	60.40	60 06	60.30	60.25
Apr	58.45	58.26	58.45	58.25
May	57.05	56.91	57.05	57.05
Jun	56.25	56.06	56.20	56.10
Jul	56.15	55.86	56.25	56.00

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Sep	559/6	555/6	560/2	554/4
Nov	555/0	550/4	555/4	549/0
Jan	561/4	557/4	562/2	556/0
Mar	570/2	565/4	570/6	564/6
May	577/4	572/6	578/0	571/4
Jul	584/2	578/6	584/4	578/0
Aug	584/0	579/0	584/0	579/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Sep	18.91	18.48	18.96	18 46
Oct	19.03	18.57	19.07	18.56
Dec	19.35	18.91	19.38	18.89
Jan	19.53	19 06	19.55	19.10
Mar	19.81	19.36	19 84	19.40
May	20.05	19.67	20.05	19.65
Jul	20.33	19.91	20.33	19.90
Aug	20.40	20.02	20.40	20.10

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Sep	175.7	174.8	176.0	174.5
Oct	193.1	192.8	193.5	192.1
Dec	192.1	191.5	192 4	191.0
Jan	190.8	190.3	191.1	190.0
Mar	190.6	190.3	190.7	189.7
May	190 3	190.3	190.4	189.6
Jul	191 0	191.0	191.3	190 8

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	225/8	225/2	228/0	223/6
Dec	222/2	221/2	222/6	220/0
Mar	230/6	230/0	231/4	229/0
May	237/2	235/6	237/4	235/0
Jul	241/4	240/4	241/6	239/4
Sep	240/0	239/6	240/4	239/2
Dec	243/0	242/6	243/2	242/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	330/0	332/0	332/4	327/2
Dec	342/2	343/4	345/4	340/0
Mar	347/0	349/2	350/4	344/6
May	341/6	343/4	344/0	340/0
Jul	319/0	320/4	322/0	316/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	74.925	74.575	74 950	74 625
Dec	73.425	73 200	73 450	73 075
Feb	72.125	72.000	72.175	71.925
Apr	73 050	72.850	73.100	72.900
Jun	70.100	70 025	70.100	69.875
Aug	68.800	68.550	68.750	68.550

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Oct	40 800	40 675	40 950	40.475
Dec	41.975	41 675	42.000	41.500
Feb	40.850	40 660	40.875	40.550
Apr	39 025	38.875	39 050	38 850
Jun	44 525	44.475	44 550	44.450
Jul	44 525	44 450	44.550	44.425
Aug	43 400	43.350	43 450	43.325
Oct	40.550	40.475	40 660	40.450

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	41 350	41.175	41.450	40.500
Mar	41.300	41.125	41.400	40.800
May	42.600	42 325	42.600	42.100
Jul	42.850	42.750	43.000	42.200
Aug	42 500	42.200	42.800	41.750

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$18.00-05	+.075
Brent Blend (dated)	$19.95-20 10	+0.10
Brent Blend (Oct)	$20.10-20	+.075
W.T.I (1 pm est)	$21.70-80	+.075
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$219-221	
Gas Oil	$180-181	-1
Heavy Fuel Oil	$84-86	
Naphtha	$195-196	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$341.50	+0.1
Silver (per troy oz)♣	376c	+3.5
Platinum (per troy oz)	$357.20	+2.45
Palladium (per troy oz)	$89 0	-0.1
Copper (US Producer)	115c	-0 5
Lead (US Producer)	40.1c	
Tin (Kuala Lumpur market)	16.76r	
Tin (New York)	313.50c	-3
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	110.58p	-0 05*
Sheep (live weight)†♠	72.72p	+0.18*
Pigs (live weight)†	79 91p	+4.50*
London daily sugar (raw)	$249.40w	-0.6
London daily sugar (white)	$275 00w	+0 5
Tate and Lyle export price	£234.50	+2
Barley (English feed)	Unq	
Maize (US No 3 yellow)	£148 0	
Wheat (US Dark Northern)	Unq	
Rubber (Oct)♥	48 75p	-0.5
Rubber (Nov)♥	48.75p	-0.5
Rubber (KL RSS No 1 Jul)	216 5m	-0.5
Coconut oil (Philippines)§	$515t	+12.5
Palm Oil (Malaysian)§	$400.0y	
Copra (Philippines)§	$330.0	+5
Soyabeans (US)	£133.0z	+0.5
Cotton "A" index	57.05c	+0.1
Wooltops (64s Super)	368p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg.t-Oct/Nov w-Sep/Oct y-Sep d-Oct. z-Nov †Meat Commission average fatstock prices * change from a week ago ♥London physical §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg ♠Sheep prices are now live weight prices

SUGAR - London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Oct	202 00	201.00	202.40	202.00
Dec	201 00	196.80	201.00	196.00
Mar	200 80	196.00	200.80	195.80
May	195 00	196.00	195 00	
White	Close	Previous	High/Low	
Oct	263.50	258.00	263.50	258 50
Dec	258 00	253.00	258.00	254.50
Mar	259.90	255.50	260.10	256 70
May	262.50	258 50	262.50	259.00
Aug	266.00	263.00	266.50	265.00
Oct	257.00	252 80	257.50	257 00

Turnover: Raw 373 (129) lots of 50 tonnes.
White 1309 (1948) Paris- White (FFr per tonne): Oct 1252.23 Dec 1246.08

CRUDE OIL - IPE			$/barrel	
	Latest	Previous	High/Low	
Oct	20 17	20 09	20.18	20.02
Nov	20.21	20.13	20.21	20.10
Dec	20.19	20 14	20.20	20.11
Jan	20.13	20 06	20 13	20.05
IPE Index	20.06	20.10	20.06	

Turnover 14011 (17843)

GAS OIL - IPE			$/tonne	
	Close	Previous	High/Low	
Sep	181.25	181.75	181.75	180.50
Oct	186.50	186.50	186 50	185 50
Nov	189.25	189 50	189.50	188.50
Dec	191.50	191.50	191.50	190.50
Jan	191.25	191.50	191.50	190.50
Feb	187 75	188 00	188.25	187.50
Mar	182.75	183.25	183.50	182.75
Apr	179 50	179.75	180.25	179.60
May	176 00	176.50	176.50	176 00

Turnover 7449 (12131) lots of 100 tonnes

SPICES
Cassia demand is picking up and local stocks are rapidly disappearing, reports Man-producton. Prices are moving higher. Vera a and Korintji a sticks traded at US$2,300 a tonne ex-store in Rotterdam, shipment $1,985 cif: Korintji b broken $1,575 ex-store, shipment at $1,325 cif; Madagascar unavailable: Seychelles $1,350 cif. Nutmeg prices are weaker due pressure from Indonesian exporters. Ginger - firm in Cochin. New crop estimated at 60 per cent of last year's harvest, due to the heavy monsoon. Shipment $1,350 cif. Nigerian spot up to $850 ex-warehouse. Cloves and all-spice decreasing further.

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	341.30-341.70	
Opening	341.00-341.30	
Morning fix	341.30	172.417
Afternoon fix	342.05	171.282
Day's high	342.70-343.00	
Day's low	340.80-341.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.73	6 months	2.69
2 months	2.73	12 months	2.75
3 months	2.71		

Silver fix	p/troy oz	US cts equiv
Spot	188.47	376.00
3 months	194.90	377.20
6 months	199.90	380.75
12 months	210.05	388.00

GOLD COINS	$ price	£ equivalent
Krugerrand	341.00-342.00	171.00-172.00
Maple leaf	351.45-353.70	-
New Sovereign	82.00-84.00	41.00-42.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1250	45	76	4	12
1300	14	44	23	29
1350	3	22	61	57
Copper (Grade A)	Calls		Puts	
2500	37	64	33	70
2550	17	44	63	98
2600	6	28	102	132
Coffee	Nov	Jan	Nov	Jan
750	49	72	10	24
800	21	44	32	46
850	6	27	59	79
Cocoa	Dec	Mar	Dec	Mar
600	49	82	17	21
650	34	67	27	31
700	23	53	41	42
Brent Crude	Oct	Nov	Oct	Nov
2000	21	52	10	34
2050	6	30		
2100				

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Sep	341.3	340.8	0	0
Oct	342.2	341.7	343.9	341.8
Nov	342.9	342.6	0	0
Dec	343.8	343.4	345.3	343.0
Feb	345.3	345.1	346.6	344.8
Apr	346.8	346.8	348.2	348.2
Jun	348.4	348.6	0	0
Aug	350.1	350.4	0	0
Oct	351.9	352.3	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	358.3	356.3	359.0	357.0
Jan	355.0	353.1	355.0	352.5
Apr	354.7	353.1	0	0
Jul	355.7	354.1	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Sep	370.3	372.3	376.0	371.0
Oct	370.9	373.0	0	0
Nov	371.8	374.0	0	0
Dec	373.5	375.7	379.5	373.0
Jan	374.7	377.0	0	0
Mar	377.1	379.5	383.5	377.5
May	379.5	382.1	0	0
Jul	381.8	384.6	386.5	383.5
Sep	384.3	387.3	387.0	387.0
Dec	388.4	391.6	393.5	393.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	111.25	110.10	111.50	110.90
Oct	111.70	110.50	111.80	111.40
Nov	112.10	110.90	0	0
Dec	112.50	111.25	112.80	111.95
Jan	112.35	111.25	0	0
Feb	112.25	111.10	0	0
Mar	112.15	111.00	112.30	112.30
Apr	111.65	110.25	0	0
May	111.20	110.10	0	0
Jun	110.60	109.45	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.13	9.00	9.14	8.98
Mar	8.96	8.80	8.99	8.82
May	8.96	8.81	8.96	8.81
Jul	8.95	8.83	8.95	8.85
Oct	8.87	8.76	8.91	8.67

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	1047	1048	1050	1060
Dec	1094	1095	1109	1085
Mar	1144	1142	1158	1136
May	1173	1171	1180	1167
Jul	1205	1208	1212	1200
Sep	1233	1231	1235	1225
Dec	1268	1268	1275	1260
Mar	1303	1303	1310	1300

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	53.15	53.60	53.30	53.00
Dec	54.50	55.20	55.15	54.40
Mar	56.25	56.90	56.90	56 20
May	60.00	60.50	60 30	59.75
Jul	61.70	62.50	62.20	61.65
Sep	63.65	64.15	63.70	63.60
Dec	66.75	67.10	66.75	66.75

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	56.38	57.40	57.75	56.05
Dec	54.98	55.47	55.87	54.52
Mar	56.00	56.46	56.88	55 62
May	56.90	57.19	57 30	56 55
Jul	57 53	57.70	58.00	57.11
Oct	58.63	58.95	58.61	58.61
Dec	58.65	59 08	59 40	58 85

ORANGE JUICE 15,000 lbs. cents/lbs				
	Close	Previous	High/Low	
Sep	116.50.	114.90	116.70	115.40
Nov	112 60	112.80	114.20	112.50
Jan	112.30	111.85	113 50	112.00
Mar	112.30	111 85	113.75	112.30
May	112.55	112.60	113 55	113.55
Jul	112.05	112.10	0	0
Sep	112.05	112 10	113.50	113.60
Nov	112.05	112.10	0	0
Jan	112.05	112.10	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Sep.4	Sep.3	mnth ago	yr ago
1518.2	1514 0	1543 6	1669.1

DOW JONES (Base: Dec. 31 1974 = 100)				
	Sep.3	Sep.2	mnth ago	yr ago
Spot	118.32	118.66	116.45	116.75
Futures	118 17	118.19	117.63	122.72

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar sinks on payroll figure

THE DOLLAR dropped more than 4 pfennigs against the D-Mark yesterday within an hour of the US publishing extremely poor employment figures, *writes James Blitz.*

Both the dollar and the pound had enjoyed a spate of strong speculative European buying in the morning after the UK government's decision to borrow Ecu 10bn with which to buy sterling on the foreign exchanges. Many dealers liquidated long D-Mark positions, pushing the dollar to a high of DM1.4385 while sterling rose to DM2.8217.

The release of the August non-farm payroll figure reversed the upward trend at 13:30 London time. Dealers had been expecting a monthly rise of 150,000, but there was a fall of 83,000. The US government's summer jobs programme added 100,000 to the employment total, meaning that the underlying fall in employment was 183,000.

The dollar plunged, bottoming out at DM1.3940 and closing in London at DM1.4030, nearly a pfennig down on the day. Sterling fell to a low of DM2.7950, but rebounded a little, closing unchanged on the day at DM2.8000.

Yesterday's events give dealers every reason to think that the dollar could dip to a new low against the D-Mark. The payroll figure will put pressure on the Federal Reserve to reduce interest rates further and dealers noted that the Fed Funds rate, which the US central bank regards as a key indicator for interest rate policy, fell by 0.25 per cent yesterday to 3 per cent. Mr Paul Chertkow, global currency strategist at UBS Phillips and Drew in London, said the same August payroll figure last year set the dollar on a downward trend over the following four months.

The dollar's fall also indicated that, whatever policies the Banks of England and Italy may adopt to defend their currencies, they are partly at the mercy of the dollar/D-Mark cross. The UK government's Ecu borrowing plan may stabilise sterling until the French referendum is over. But Mr Mark Austin, chief economist at HongKong and Shanghai Banking Corp in London, warned that sterling's recent recovery appeared to be on the back of speculative selling, and there was little sign of big flows back into the UK currency from investment funds.

Several dealers speculated on the possibility of a lira devaluation before the French referendum, after the Bank of Italy raised its discount rate yesterday by 1.75 percentage points to no avail. The lira closed at L765.0 against the D-Mark despite intervention from several European central banks. The stock phrase on dealers' lips yesterday was that a devalued lira could become the "sacrificial lamb" by which the rest of the EMS signal their determination not to realign.

£ IN NEW YORK

Sep.4	Latest	Previous Close
£ Spot	1.9950-1.9960	1.9825-1.9835
1 month	1.12-1.11pm	1.08-1.07pm
3 months	3.43-3.40pm	3.29-3.26pm
12 months	12.6-12.5pm	12.1-12.0pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep.4	Previous
8.30 am	92.5	92.2
9.00 am	92.6	92.2
10.00 am	92.6	92.2
11.00 am	92.5	92.2
Noon	92.5	92.3
1.00 pm	92.4	92.2
2.00 pm	92.7	92.2
3.00 pm	92.4	92.3
4.00 pm	92.4	92.2

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 4	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	131.894	-1.30	4.83	21
D-Mark	2.05586	2.03040	-1.24	4.76	53
Belgian Franc	42.4032	41.8872	-1.22	4.74	39
Dutch Guilder	2.31643	2.28838	-1.21	4.73	39
Portuguese Escudo	178.735	177.370	-0.76	4.26	11
Irish Punt	0.767417	0.766930	-0.06	3.53	-16
French Franc	6.89509	6.90066	0.08	3.38	-27
Danish Krone	7.84195	7.84870	0.09	3.38	-23
Italian Lira	1538.24	1554.04	1.03	2.41	-71
Sterling	0.696904	0.721059	3.47	0.00	-68

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

CURRENCY RATES

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

Sep 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9630 - 2.0015	1.9950 - 1.9960	1.12-1.10cpm	6.68	3.45-3.42pm	6.89
Canada	2.3610 - 2.3920	2.3905 - 2.3915	1.04-0.99cpm	5.09	3.20-3.13pm	5.29
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

OTHER CURRENCIES

[illegible]

U.A.E.	7.3135 - 7.3910	3.6715 - 3.6735

*Floating rate. Iran Official rate: £121.20 $63.00

EURO-CURRENCY INTEREST RATES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9955	1.9844	1.9612	1.9290	1.8690
D-mark	2.8000	2.7992	2.7963	2.7928	2.7814
French Fr.	9.5275	9.5125	9.5095	9.4995	9.4895
Swiss Fr.	2.4975	2.4935	2.4856	2.4696	2.4402
Yen	245.75	244.57	241.91	238.06	230.73

EXCHANGE CROSS RATES

Sep.4	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.995	2.800	245.7	9.527	2.497	3.157	2142	2.391	57.85	182.1	1.380
$	0.501	1	1.404	123.2	4.775	1.252	1.582	1074	1.198	29.00	91.28	0.692
DM	0.357	0.713	1	87.75	3.403	0.892	1.128	765.0	0.854	20.66	65.04	0.493
YEN	4.070	8.120	11.40	1000.	38.77	10.16	12.85	8718	9.731	235.4	741.1	5.617
F Fr.	1.050	2.094	2.939	257.9	10.	2.621	3.314	2248	2.510	60.72	191.1	1.449
S Fr.	0.400	0.799	1.121	98.40	3.815	1	1.264	857.8	0.958	23.17	72.93	0.553
N Fl.	0.317	0.632	0.887	77.83	3.018	0.791	1	678.5	0.757	18.32	57.68	0.437
Lira	0.467	0.931	1.307	114.7	4.448	1.166	1.474	1000.	1.116	27.01	85.01	0.644
C$	0.418	0.834	1.171	102.8	3.985	1.044	1.320	895.9	1	24.19	76.16	0.577
B Fr.	1.729	3.449	4.840	424.7	16.47	4.316	5.457	3703	4.133	100.	314.8	2.385
Pta	0.549	1.096	1.538	134.9	5.232	1.371	1.734	1176	1.313	31.77	100.	0.758
Ecu	0.725	1.446	2.029	178.0	6.904	1.809	2.288	1552	1.733	41.92	132.0	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

Heavy trading

Sterling futures prices gyrated wildly yesterday after the announcement of poor employment figures upset the bullish mood that had followed the UK government's announcement of a Ecu 10bn borrowing to support sterling.

In the early morning, the September and December contracts traded up to 89.83 and 89.89 respectively as sterling continued to rally on the foreign exchanges, rising above the DM2.82 level.

However, the Bank of Italy's announcement that it would raise its discount rate by 1.75 percentage points to defend the ailing lira further highlighted that the UK is the one country in the exchange rate mechanism that has not altered rates as a means of controlling currency movements. Both contracts gradually descended to 89.62 and 89.53 at around lunchtime in London.

The very bad non-farm payroll figure in the US sharply depressed the dollar and pushed sterling to a low of DM2.7750. The contracts were therefore further depressed, reaching lows of 89.56 and 89.54. But they later rebounded with the currency. The September contract closed 8 basis points down on the day at 89.70 and the December contract was down 10 basis points at 89.68.

Trading in the cash market took similar turns. One year money peaked at 10¼ per cent following the US employment figure but later closed at 10 3/16 per cent, which was 1/16 per cent down from the previous close. The offered rate for 3-months money, which is a guide to where the market thinks base rates are moving, closed softer on the day at 10⅛ per cent from a previous close of 10¼ per cent.

One discount house trader said that yesterday's moves made it extremely difficult to trade in the market. "All you can do is stick to a long term view and hold to it, though that's difficult right now," he said. A clearing bank trader was confident that the gyration were over, however: "There is a new confidence in the government's determination to hold sterling at DM2.95," he said.

The Bank of England's operations were straightforward. The Bank forecast a shortage of £450m and, at lunchtime, bought £444m of Band 1 bank bills at 9⅞ per cent. The Bank did not operate in the afternoon.

UK clearing bank base lending rate 10 per cent from May 5, 1992

FINANCIAL FUTURES AND OPTIONS

[illegible]

THREE MONTH EUROLIRA INT. RATE
LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Sep	84.00	84.10	83.59	83.80
Dec	85.10	85.25	84.65	84.80
Mar	86.10	86.20	85.70	85.70
Jun	86.65	86.65	86.25	86.30

Estimated volume 7822 (2675)
Previous day's open int. 0 (21423)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Sep	2377.0	2423.0	2366.0	2411.0
Dec	2421.0	2470.0	2404.0	2456.0
Mar	2456.5			2491.5

Estimated volume 16194 (20167)
Previous day's open int. 0 (48809)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9955	1.9844	1.9612	1.9290	1.8690

PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
104	-	-	-	0.45	-	-
105	2.45	-	-	0.64	0.98	-
106	1.80	2.14	-	0.95	-	-
107	0.26	1.63	-	1.36	-	-
108	0.80	1.28	-	-	-	-
Open Int	279,023	69,280	-	163,071	41,173	-

Estimated volume 76,761 † Total Open Interest 542,547
† All Yield & Open Interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday September 2 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	103,014734	- 5,141,504
Bankers Deposits	1,437,046,152	+ 23,207,592
Reserve and other Accounts	3,360,169,139	- 139,393,039
	4,914,783,025	- 121,326,951
ASSETS		
Government Securities	1,195,156,175	+ 71,720,000
Advance and other Accounts	2,287,358,323	+ 188,115,427
Premises Equipment & other Secs	1,426,862,837	- 375,495,466
Notes	5,175,557	- 5,689,870
Coin	230,133	+ 22,958
	4,914,783,025	- 121,326,951
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,654,824,443	+ 115,689,870
Notes in Banking Department	5,175,557	- 5,689,870
	16,660,000,000	+ 110,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	10,406,681,516	+ 114,397,847
Other Securities	6,242,303,384	- 4,397,847
	16,660,000,000	+ 110,000,000

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep.4) 3 months US dollars		6 months US Dollars	
bid 3 5/16	offer 3 7/16	bid 3 7/16	offer 3 9/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime	
Prime rate	6
Broker loan rate	5¼
Fed.funds	3
Fed funds at intervention	-

Treasury Bills and Bonds

One month	3.04	Three year	4.39
Two month	3.26	Five year	5.29
Three month	2.97	Seven year	5.86
Six month	3.03	10-year	6.40
One year	3.16	30-year	7.28
Two year	3.89		

Sep.4	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.60-9.70	9.75-9.85	9.75-9.85	9.80-9.90	9.80-9.90	9.75
Paris	9⅞-10	10 3/16-10 1/16	10 1/16-10 5/16	10 3/16-10 1/16	10½-10¼	9.60
Zurich	7¼-7⅛	7⅞-8¼	-	7⅞-8⅛	-	-
Amsterdam	9.62-9.75	9.75-9.85	-	9.75-9.85	-	-
Tokyo	4 1/16-4¼	4 3/16-4¼	-	3¾-3 11/16	-	-
Milan	17½-17¼	19½-19¼	-	17¾-18	-	-
Brussels	9¾-9 11/16	9⅞-10	-	9 13/16-9 15/16	-	-
Dublin	10-10¼	10½-10¾	10⅝-10¾	10 11/16-10 15/16	10¾-10⅞	-

LONDON MONEY RATES

Sep 4	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10	9⅞	10⅛	10	10	10
Interbank Bid	7½	9⅝	9⅞	10	10	10
Sterling CDs	-	-	10	10	10	10
Local Authority Deps.	9¾	9¾	9 15/16	10	10	10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bak.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	Nat Westminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk.	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10		
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate' Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2541

Treasury 13¾% Stk 2000/03 – £120¼
Exchequer 10½% Stk 2005 – £108⅝
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £117¾

Corporation and County Stocks

No. of bargains included 2

Bristol(City of) 11½% Red Stk 2008 – £107
Nottingham Corp Gas Anns(of £3.25) – £29 (2Se92)

UK Public Boards

No. of bargains included nil

Agricultural Mortgage Corp PLC 7¾% Deb Stk 91/93 – £98½ (1Se92)
Metropolitan Water Metropolitan Water 3% A Stk 63/2003 – £59½ (2Se92)

Foreign Stocks, Bonds, etc–(coupons payable in London)

No. of bargains included 102

Greece,(Kingdom of) 4% Rentes 1889(Assd with Accept Cert) – £15
Hungary,(Republic of) 7½% Stlg Bds(Assd Lon 1968 Sett) – £45 (28Au92)
A.M.P.(U.K.) PLC 13% Bds 2015 (Br £5000&100000) – £118⅝ (2Se92)
Abbey National PLC 9¾% Nts 1993 – $105½ % (28Au92)
Abbey National Sterling Capital PLC 10¾% Subord Gtd Bds 2002 (Br £ Var) – £99½ (2Se92)
11½% Subord Gtd Bds 2017 – £106⅝ 7
Abbey National Treasury Servs PLC 5¾% Gtd Nts 1995 (Br $Var) – $100.9 (2Se92)
Agricultural Mortgage Corp PLC 11¾% Nts 1996 (Br £1000&10000) – £101¾

[illegible]

Prudential Finance BV 8¾% Gtd Bds 2001 – $104¾ 5 (28Au92)
9⅝% Gtd Bds 2007 (Br£5000&100000) – £91¼ (1Se92)
Prudential Funding Corp 8% Nts 1993 – $103.88 4 (1Se92)
Prudential Realty Secs 111 Inc Gtd Zero Cpn Bds 15/1/99 – $64¾
RMC Capital Ld 8¾% Cnv Cap Bds 2006 (Br £5000&50000) – £88½ (2Se92)
Royal Bank of Scotland PLC 10¾% Subord Bds 1998 (Br£5000&25000) – £98½ (1Se92)

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Listed Companies(excluding Investment Trusts)

[illegible]

Investment Trusts

[illegible]

Somerset Trust PLC Ord £1 – 122 4 (1Se92)
TR Smaller Companies Inv Trust PLC 10½% Deb Stk 2016 – £100¼ (1Se92)
Throgmorton Trust PLC 12 5/16% Deb Stk 2010 – £114½ (2Se92)
Witan Investment Co PLC 8¾% Deb Stk 90/95 – £89¾

Miscellaneous Warrants

No. of bargains included 8

Barclays De Zoete Wedd Wts Ld Call Wts

USM Appendix

[illegible]

Rule 535(2)

[illegible]

National Parking Corp Ld Ord 10p – £2.95
Rangers Football Club PLC Ord 10p – £0¾ 0.8 0.85
Regent Inns PLC Ord 25p – £0.85 (1Se92)
Select Industries PLC Ord 2½p – £0.085
Southern Newspapers PLC Ord £1 – £2.23 2.28
Verdon PLC Ord 25p – £0.405-0.42 0.45 0.47 0¾
Weetabix Ld "A" Non.V Ord 25p – £11.35 (2Se92)
Yates Bros Wine Lodges PLC Ord 25p – £1.02

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Bank of East Asia HK$35.176
Keystone International $24¼♦
Kulim Malaysia Ord 16 (2/9)
Mount Martin Gold Mines A$0 3 (28/8)
Oil Search 28 (1/9)
Playmates Hldgs HK$2.562 (28/8)
Storer Communications SK234.7 (1/9)
Valiant Consolidated 3¼♦

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Share prices fall in turbulent trading

By Terry Byland
UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Aug 24	Sep 7	Sep 21
Option Declarations:		
Sep 3	Sep 17	Oct 1
Last Dealings:		
Sep 4	Sep 18	Oct 2
Account Day:		
Sep 14	Sep 28	Oct 12

*New time dealings may take place from 8.30 am two business days earlier.

ATTEMPTS at a more considered reaction in UK equities to the British government's £3.75bn plan for sterling support were overwhelmed yesterday by new developments on the global currency stage. Share prices ended the trading account sharply lower after an extremely erratic session. The lead came from currency and futures markets, as they grappled with an increase in Italian discount rates and alarming unemployment figures from the US which sent the dollar sharply downwards.

The sterling support plan announced on Thursday was seen as, at best, buying time until the Maastricht referendum in France on September 20. But a No vote in France would still imply pressure on the pound and revive fears that rates will be forced higher if intervention cannot sustain the currency.

Equities opened higher yesterday as sterling topped the important DM2.80 level but peaked early at FT-SE 2,396.4. By then, the generally cautious response to the funding plan was taking effect and sentiment was further discouraged by the 1.75-point rise in the discount rate in Italy.

However, the hardest blow came at mid-session with the disclosure that jobs in the US had fallen by 83,000 in August; "a disaster," said US watchers. Sterling wilted on the cross rates as the dollar fell away and the Footsie soon showed a loss of nearly 30 points.

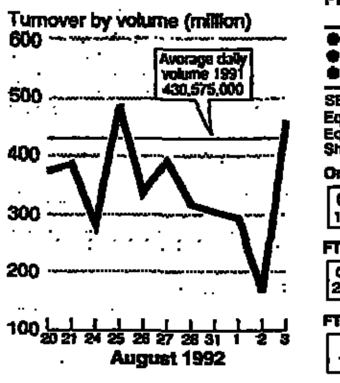
Later, when Wall Street opened relatively calmly, London rallied to give a final reading on the FT-SE Index of 2,362.2, a loss of 19.7. Volatility in share prices reflected similar trends in stock index futures and in the short sterling contract. Dealers said that the institutions had again stayed on the sidelines, and that trading had been very difficult, with marketmakers struggling to avoid taking stock on their books. However, gilts opened slowly turning higher later as the market took a favourable view of the near term outlook. At the close, long gilts were around ¹¹⁄₃₂ up.

Seaq turnover of 546.7m shares compared with 551.3m on Thursday when retail business was worth £978.5m. Market sentiment was jolted yesterday when S.G. Warburg withdrew from dealing in 362 smaller company shares.

At Strauss Turnbull, Mr Ian Harnett cut UK growth and earnings forecasts and commented that the outlook must now depend heavily on a Yes vote in France and no change in UK interest rates.

● Retail business has remained exceedingly volatile as currency uncertainty has kept the institutions on the sidelines.

London SE volume



Package trading ceases

THE EXPIRY of trading in the Electricity Package, the grouping of shares in the electricity distribution companies which were floated on the market in 1990, was accompanied by a *substantial bear squeeze in all* the constituent stocks. Institutions which had not sold their packages by the close yesterday, will receive the constituent shares on September 28.

The run-up to the cessation of trading in the package has seen share prices in the smaller, more illiquid electricity distribution companies, come under substantial pres*sure as dealers anticipate that* big institutions will sell their unravelled holdings in the smaller groups.

The final quotation for the package was £3,228, a rise of 120 on the day; the opening price for the package on December 11, 1990, in its partly-paid form, was £1,575.

Specialists said that the "recs" had been sold short ahead of the final 70p call on the shares, due on September 15, but the prospect of much higher dividend growth in the recs compared with the water sector was said to have helped the recs rise sharply yesterday. The best individual performances came from the smaller stocks, notably South Wales, which jumped 19 to 372p, Seeboard, the same amount up at 321p, and Northern, 18 higher at 333p. Water stocks hit by the switching operations included Severn Trent, 6 lower at 409p and Southern, 7 down at 391p.

Mirror deal

Shares in Mirror Group (MGN) were very heavily traded as a block of 6.5m was bought at 62 and sold at 62.5 in a cash deal. The stake represented almost 1.5 per cent of the company's shares.

Dealers speculated that the Irish food and media tycoon Mr Tony O'Reilly, who has built up a significant stake in MGN through his media group Independent Newspapers, might have in creased his holding. Last month, Mr O'Reilly, raised his stake in MGN to 2 per cent from 1.3 per cent and was reported to be holding talks with bankers who bought shares in MGN in the wake of the collapse of Mr Robert Maxwell's media empire after his death at sea. Yesterday, MGN eased 2 to 61p with recorded turnover of 14m shares.

Carlton active

Television production and services group Carlton Communications surged after con*sideration of a weighty and* enthusiastic piece of research and in response to the early recovery of the dollar. The shares jumped 22 in early trading and closed 9 up on the day *at 589p on heavier than aver*age turnover of 3.4m.

Barclays de Zoete Wedd published a 36-page booklet on the group earlier in the week but said the effect was just begin*ning to be felt. BZW argues* that Carlton's "growth prospects are above average, its management and balance sheet strong. The shares' premium rating is fully justified and *prospects for 1993/94 mean that* we continue to recommend purchase."

However, another securities house pointed out that with 44.5 per cent of profits generated from the US yesterday morning's recovery in the dollar was bound to impact on Carlton shares.

Abbey National shares, boosted in midweek by hopes that a possible end to free banking would produce a big influx of new customers to Abbey, turned down sharply to close 10 off at 267p.

Legal & General, where worries about the safety of the dividend abated after the much better than expected figures *released by Sun Alliance,* jumped a further 9 to 315p, leaving the shares 25 higher over the week.

Thorn EMI, responding to a buy note issued by Kleinwort *Benson, jumped 8 to 687p on* heavy turnover of 1.7m shares. Mr Tim Hirst at Kleinwort said recent selling of Thorn, prompted by downgrades and worries about an OFT investi*gation into compact disc* prices, had been overdone; "on a p/e of 12.5 and cash flow multiple of 4.5 the shares represent good value.

BP dipped 5 to 196p with the *market unimpressed with sug*gestions that it is discussing a possible sale of its minority stake in the Olympic Dam mine in South Australia. "BP has been trying to sell the *stake since 1988," said one ana*lystwho said the asset would realise some £200m "at best".

The weakness in Enterprise Oil, triggered by the sale of a 2.1 per cent stake continued *yesterday with the shares* down to 310p, a fall of 10; over the week Enterprise shares have retreated 38.

Dealers said the sale of the near 10m-share stake, could be the catalyst for further institutional sales. Norwich Union is among the biggest holders of oil shares of the UK institutions, but has not been seen as a seller of Enterprise in which it holds. Lasmo suffered along with Enterprise, sliding 3 to 125p.

Tightly-traded Rothmans "B" jumped 15 to 532 with two *buyers trying to pick up stock* and vague old bid rumours circulating.

Pharmaceuticals group *Glaxo remained firm through*out the day after announcing that its Zofran anti-nausea drug was recommended for post-operative nausea and vomiting by a US Food and *Drug Administration advisory* committee on Thursday. However the recommendation had been expected and the shares gained only 3 at 749p.

Reckitt & Colman recovered *2 to 535p following its post* results weakness on Thursday. Nomura Research was buying the stock after issuing a recommendation which argues that the shares are near their all *time price/earnings relative* low against the market.

Northern Foods bounced 10 to 227p, after Smith New Court reiterated its buy recommendation. The broker said recent *falls had* been *overdone.*

Rank Organisation was once again a nervous market with the appearance of a small line of stock sending the price falling 10 to 483p.

*Good two-way business con*tinued in Ladbroke. Turnover reached 5.6m as the shares shed a penny to 150p.

Laird Group bucked the market trend jumping 9 to 266p as the market appreciated *a 43* per cent improvement in interim figures. British Aerospace fell 12 to 213p as turnover reached 1.1m on fears of a reduction in orders for the Airbus aircraft for which BAe builds the wings.

Aero engine and turbines group Rolls-Royce remained in the doldrums after Thursday's poor results, the shares giving another 5 to 123p, in trade of 3.5m shares.

Turnover in motor dealer Tozer rose to 25m with its predator Hartwell, the Saudi Arabia-controlled motor group believed to have been the day's main purchaser. Trimoco closed slightly easier unchanged at 20p.

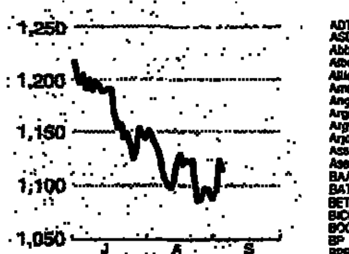
Conglomerate Trafalgar House yesterday achieved the dubious honour of being the biggest faller in the market in percentage terms when the shares shed 4½ to 43p as financial worries surrounding the company continued to take their toll. Williams Holdings, weakened by profit downgradings, gave up 10 to 237p with 1.8m traded.

Publishing to oil services conglomerate Pearson jumped sharply at the market opening *after the group announced* encouraging half-year results but closed only 2 better at 314p.

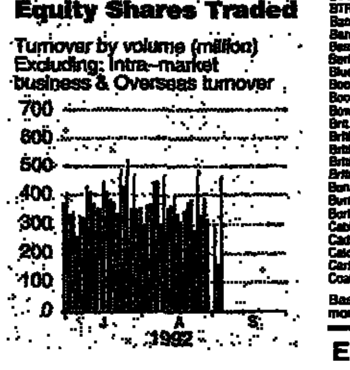
MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Peter John.

■ Other market statistics, Page 10.

FT-A All-Share Index



Equity Shares Traded



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (18).
BRITISH FUNDS (3) Treas 9pc 2012 A, Consols 2½pc, Treas 3pc '66 Aft., OTHER FIXED INTEREST (2) LCC 3pc 1920 Aft., Met Water 3pc B, BREWERS & DISTILLERS (1) Holt (Joseph), BUSINESS SERVICES (1) Penna, ELECTRICITY (2) Scot Hydro-Elect, Scot Power, FOOD MANUFACTURING (1) Acatos & Hutcheson, INSURANCE COMPOSITE (1) Hibernian, MEDIA (3) Sterling Publg, TVS Ent 7.4pc Pf. 2005, Ulster TV, OTHER FINANCIAL (1) Sterling Tst.
NEW LOWS (92).
AMERICANS (1) Houston Inds , CANADIANS (1) Intl. Corona, BREWERS & DISTILLERS (2) Greenalls; Wiltshire, BUILDING MATERIALS (5) Baggeridge Brick, Cape, Epwin, Ransus, Travis Perkins, BUSINESS SERVICES (2) Corporate Servs, Holmes Protection, CHEMICALS (1) Montedison, CONGLOMERATES (3) Mosaic Invs., Sale Tilney, Tollgate, CONTRACTING & CONSTRUCTION (7) Bailey (Ben), Guardian, Hewden-Stuart, Maunders, Smart, Tay Homes, Try, ELECTRICALS (2) Kenwood Appls, Nokia Pf., ELECTRONICS (2) Setacom, Indl. Control Servs, ENGINEERING AEROSPACE (2) FR, Rolls-Royce, ENGINEERING GENERAL (2) Jones & Shipman, Record, FOOD MANUFACTURING (2) Sims Food, Utd Biscuits, FOOD RETAILING (1) Cullens, HEALTH & HOUSEHOLD (2) Seton Healthcare, Swallowfield, HOTELS & LEISURE (2) Airbreak Leis, Regal Hotels, INSURANCE COMPOSITE (1) Topdanmark, INVESTMENT TRUSTS (12) Brazilian Warrants, Contra-Cyclical Cap, Exmoor Dual, Japanese Warrant Fd. Warrants, Jupiter Euro Warrants, Kleinwort Smllr Co's., Latin Amer Extra Yield, Mid Wynd, Monks, River & Merc Warrants, River & Merc Am Cap, Singapore SESDAQ, MEDIA (2) Flextech, Goodhead, Osprey Comms, Trans World Comms., MERCHANT BANKS (1) Warburg, MISCELLANEOUS (2) Nu-Swift, Steinhoff, Spandex, MOTORS (2) ABI Leis, Perry, OIL & GAS (2) Enterprise Oil, New London, PACKAGING, PAPER & PRINTING (2) Arjo Wiggins, Shelton, PROPERTY (3) Bilton, Cabra, Chesterfield 6¼pc Pf., City Site, Ests & General, STORES (2) Austin Reed A, Blacks Leis, TELEPHONE NETWORKS (1) Telefonica, TEXTILES (4) Allied Text, Lamont, Tomkinsons, Victoria Carpet, TRANSPORT (2) Intl Steam, TIP Europe, MINES (14) Buffels, East Rand Prop, FS Cons, Hartebeest, Kloof, Randfontein, Renison, Rand Mines, Randfontein, Renison, St Helena, Vaal Reefs, Welkom, Western Areas, Winkelhaak.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	66	1	8	229	40	32
Other Fixed Interest	11	0	4	32	17	11
Commercial, Industrial	249	311	873	970	1,163	3,599
Financial & Property	140	116	543	575	468	2,153
Oil & Gas	16	18	51	56	62	225
Plantations	0	0	9	1	1	34
Mines	25	27	96	87	138	373
Others	58	26	32	186	135	145
Totals	565	499	1,616	2,136	2,024	6,572

FINANCIAL TIMES STOCK INDICES

	Sept 4	Sept 3	Sept 2	Sept 1	Aug 28	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.38	89.06	87.66	87.03	87.04	86.38	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	105.44	104.17	103.40	102.99	103.19	95.32	108.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share ●	1729.0	1741.0	1682.8	1670.0	1680.6	2094.2	2149.7 (22/5)	1670.0 (1/9)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	74.5	75.6	75.1	77.4	79.4	160.2	180.6 (10/1)	74.5 (4/9)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2362.2	2381.9	2313.0	2298.4	2312.6	2664.6	2737.8 (11/5)	2281.0 (25/8)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1073.24	1074.12	1050.07	1046.48	1053.68	1198.20	1248.79 (11/5)	1029.58 (25/8)	1248.79 (11/5/92)	938.62 (15/1/91)
●Ord. Div. Yield	5.15	5.11	5.28	5.33	5.29	4.54				
●Earning Yld %(full)	7.46	7.43	7.67	7.74	7.68	7.39				
●P/E Ratio(Net)(*)	16.90	17.02	16.48	16.33	16.44	18.86				
SEAQ Bargains 5.00pm	24,626	20,844	16,753	15,689	17,194	30,161				
Equity Turnover(£m)†	-	978.5	752.6	599.5	664.7	895.5				
Equity Bargains†	-	22,879	18,578	17,681	19,253	30,167				
Shares Traded (ml)†	-	462.6	362.3	294.4	318.2	414.0				

Ordinary Share Index, Hourly changes — Day's High 1755.3 — Day's Low 1720.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1744.4	1749.7	1745.6	1738.4	1736.5	1738.0	1725.9	1729.0	1729.0

FT-SE 100, Hourly changes — Day's High 2396.4 — Day's Low 2352.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2380.5	2388.8	2381.0	2374.6	2373.2	2372.3	2361.9	2362.6	2362.8

FT-SE Eurotrack 200, Hourly changes — Day's High 1082.90 — Day's Low 1065.26

Open	10.30 am	11 am	12 pm	1 pm	2 pm†	3 pm
1082.84	1078.39	1076.91	1080.02	1073.57	1067.93	1070.30

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ● Nil 15.73 Interest.

GILT EDGED ACTIVITY

Indices*	Sept 3	Sept 2
Gilt Edged Bargains	119.1	79.7
5-Day average	103.1	101.7

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]			
Brit. Aerospace	1,100	213	-12
British Airways	4,000	252	
British Gas	3,200	239	
British Land	205	147	-6
British Steel	4,800	49½	-2
Bunzl	10	85	-3
Burmah Castrol	388	571	-3
Burton	5,500	31½	+½
Cable & Wire	2,300	533	+2
Cadbury Schweppes	1,000	425	-4
Calor Group	489	173	
Carlton Comms.	3,400	589	+9
Coats Viyella	922	169	-4
IMI	438	245	-2
ICI	1,500	1093	13
Inchcape	1,100	406	-9
Kingfisher	1,100	434	-8
Kwik Save	194	629	
Ladbroke	5,600	150	-1
Land Securities	906	369	-5
Laporte	20	444	-5
Legal & General	2,500	315	+9
Lloyds Abbey	1,400	302	-1
Lloyds Bank	1,400	407	-8
LASMO	682	125	-3
London Elect.	1,500	301	+16
Rolls Royce	3,800	123	-5
Rothmans	394	532	+15
Ryl Bk Scotland	2,500	148	+2
Royal Insurance	2,200	150	-5
Saatchi	846	133	-2
Sainsbury	1,200	458	-4
Scottish & New	784	396	-1
Scot. Hydro-Elect.	2,300	207	
Scottish Power	10,000	190	+1
Sears	1,900	67	-2
Sedgwick	282	119	
Seeboard	538	321	+19
Severn Trent Water	1,600	409	-6
Utd. Newspapers	281	375	-2
Vodafone	4,100	302	
Warburg (SG)	915	426	
Wellcome	2,800	826	-8
Welsh Water	170	453	-1
Wessex Water	580	494	-6
Whitbread 'A'	860	389	+1
Williams Hldgs.	1,800	237	-10
Willis Corroon	1,000	181	+2
Wimpey	344	79	
Wolseley	308	328	+5
Yorkshire Elect.	340	367	+16
Yorkshire Water	939	460	-1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE DERIVATIVES market experienced a volatile but busy end of the account session as early strength gave way to profit-taking and a retreat caused by poor economic data from the US, writes Joel Kibazo.

In futures, September opened strongly at 2,420 but after a brief move up when it touched 2,423 and pulled the underlying cash market higher, profit-taking set in leading it to gently drift lower.

The release of disappointing employment figures from the US after 1.30pm caused a sharp retreat in the contract and a poor opening on Wall Street, following the figures caused further weakness. Interest from Goldman Sachs, which was a buyer of September and a seller of the December contracts helped produce a rally just before the close.

September closed at 2,377, down *34 on its previous close* and around 9 points above its estimated fair value premium to cash of about 6. Turnover was high at 14,348 contracts.

Traded options were also busy, with turnover reaching 33,357 lots. The FT-SE 100 option traded 18,066 lots, while Hanson was the busiest stock option with 1,752 lots.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.5976	-0.209	8.84	8.75	8.26
BELGIUM		8.750	06/02	98.8000	+0.600	8.93	9.08	9.05
CANADA *		8.500	04/02	109.7000	+1.050	7.09	7.40	7.38
DENMARK		9.000	11/00	98.1500	+0.580	9.69	9.75	9.50
FRANCE	BTAN	8.500	03/97	97.0580	+0.545	9.30	9.61	9.42
	OAT	8.500	11/02	97.7700	+1.120	8.82	9.11	9.01
GERMANY		8.000	07/02	101.1900	+0.565	7.82	7.89	8.09
ITALY		12.000	05/02	91.1700	-0.770	14.13†	13.89	13.53
JAPAN	No 119	4.800	06/99	98.5667	-	4.89	4.74	5.06
	No 145	5.500	03/02	104.2000	+0.769	4.86	4.83	5.13
NETHERLANDS		8.250	06/02	99.9000	+0.465	8.26	8.33	8.42
SPAIN		10.300	06/02	89.0500	+0.525	12.26	12.79	12.07
UK GILTS		10.000	11/98	101-16	+1/32	9.54	9.86	9.63
		9.750	08/02	103-16	+21/32	9.20	9.64	9.33
		9.000	10/08	100-03	+17/32	8.99	9.34	9.07
US TREASURY *		6.375	08/02	99-25	+30/32	6.40	6.64	6.57
		7.250	08/22	99-21	+36/32	7.28	7.43	7.37
ECU (French Govt)		8.500	03/02	94.2000	+0.370	9.44	9.83	9.53

London closing. *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday September 4 1992

Water	+	30.63	Financial Group	-	8.13
Electronics	+	13.12	Merchant Banks	-	8.61
Electricity	+	12.88	Insurance (Life)	-	8.78
Food Retailing	+	8.93	Chemicals	-	9.08
Banks	+	5.72	Investment Trusts	-	10.04
Other Industrial Materials	+	2.13	Engineering-Aerospace	-	10.36
Media	+	2.10	Electricals	-	10.89
Other Groups	+	0.67	Conglomerates	-	11.20
Telephone Networks	-	0.38	Food Manufacturing	-	12.05
Motors	-	0.67	Business Services	-	12.08
Stores	-	1.29	Insurance (Composite)	-	12.38
Packaging, Paper & Printing	-	1.35	Health & Household	-	12.48
Brewers & Distillers	-	2.26	Metals & Metal Forming	-	13.25
Textiles	-	3.25	Oil & Gas	-	18.63
Transport	-	3.77	Hotels & Leisure	-	18.93
Industrial Group	-	3.92	Building Materials	-	22.42
500 Share Index	-	5.88	Property	-	35.98
Consumer Group	-	5.91	Contracting, Construction	-	39.77
All-Share Index	-	6.08	Insurance Brokers	-	40.22
Capital Goods	-	6.48	Gold Mines Index	-	45.98
Engineering-General	-	6.91			

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 05.09.92 Pool purchase price £/MWh	Pool Prices for Trading on 05.09.92 Pool purchase price £/MWh	Pool selling price £/MWh
0030	30.42	19.85	22.14
0100	19.52	19.84	22.14
0130	19.52	18.72	22.02
[illegible]			

COMMODITIES

WEEK IN THE MARKETS

Economics confuses metal markets

IN THE absence of significant fundamental supply/demand developments international economic factors continued to dominate the base metals markets this week. But such were the complications surrounding their interpretation that traders were unable to draw either bullish or bearish conclusions with any confidence.

Metals are generally traded internationally in US dollar terms, so the extreme weakness of that currency for most of the week had the effect of making prices cheaper in terms of other currencies. What encouragement that gave to buyers was countered, however, by their understandable reluctance to commit funds to the market at a time of turmoil on the foreign exchanges. In addition the weakness of the dollar made yet more remote the prospect of a reduction in the high level of interest rates that has been acting as such a strong disincentive to the holding of physical metal.

Neither did the traumatic condition of the dollar bode well for the world economy in general, or for a recovery in metal demand. "People are now becoming very wary of the economic outlook," Mr Angus MacMillan of Billiton Enthoven Metals told the Reuter news agency yesterday.

Metals traders are particularly concerned about the slackness of demand for cars, a key sector for base metals consumption. This week saw the publication of statistics indicating that German car sales would fall by 11 per cent this year, and yesterday Britain's Society of Motor Manufacturers and Traders cut its 1992 sales forecast from 1.74m to 1.55m following a disappointing 1.67 per cent rise in August, which normally accounts for about 20 per cent of annual sales as buyers are attracted by the advent of the new registration prefix letter.

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+5,826	to 1,256,225
Copper	+6,725	to 275,275
Lead	-175	to 154,650
Nickel	+780	to 44,082
Zinc	+4,526	to 368,750
Tin	+390	to 15,085

For the London Metal Exchange copper market the net result of these considerations was a £5.50 fall in the cash price to £1,251.50 a tonne. But that worked out at a $5 rise in terms of the US currency. The copper market's underlying weakness was cushioned early in the week by bargain-hunting encouraged by the dollar's fall, traders said. But that dried up as the dollar rallied on Thursday and was not resumed when it turned downwards again yesterday.

Other LME metals were generally lower, the biggest movement being cash nickel's $155 fall to $7,080 a tonne.

The exception was the zinc market, which continued to react to the development of another options-related technical squeeze. Traders believe this is the work of a small group of producers and one trader who have control of 1m tonnes of annual zinc output, equivalent to between 15 and 20 per cent of the western world total.

Concern about the situation – which the LME said it was "closely monitoring" and the Economist Intelligence unit warned was "damaging for the credibility of the LME as a representative reference price for the metal" – was reflected in the widening of the cash premium over zinc for delivery in three months from $38 at the end of last week to $44.25 at *yesterday's close.*

Other factors boosting zinc prices included labour contract negotiations in North America this month and next; the fact that zinc consumption had outpaced production in the first six months of this year; a potential strike at Centromin in Peru; and, although LME zinc stocks were at record levels, a 10 per cent fall in producer stocks since the end of January, said Mr Nick Moore, analyst at Ord Minnett, part of the Westpac banking group.

LME cash zinc, which reached a 23-month high on Thursday, closed yesterday at $1,436.75 tonne, up $21.75 on the week, while the three months position was up $16 at $1,392.50 a tonne.

At the London Futures and *Options Exchange (Fox)* the coffee market continued the uptrend of the previous two weeks, helped by technically-driven investment fund and commission house buying in New York, where December arabica futures broke through a key resistance point at 55.70 cents an ounce. The London market remained cautious, however, and as the November position on the Fox, which trades the coarser robusta coffee variety, climbed to $795 a tonne, up $35 on the week, at Thursday's close analysts were *warning that the overall down*trend was still intact. The November price edged up to $798 a tonne yesterday morning, but having stopped short of the psychologically significant $800 level, it eased to close $6 down on the day and $29 up on the week at $789 a tonne.

Richard Mooney

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (◆) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cash	1	50.78	50.78	51.28	+0.01	10.00
Capital Primaces	5½	47.61	47.93	51.12	+0.57	9.1
Ethical	5½	40.34	42.34	43.97	+0.40	5.9
European Growth	5½	45.05	45.19	48.20	+0.22	4.6
Income	5½	40.72	41.16	43.90	+0.52	8.4
Intl Growth	5½	59.26	59.60	63.57	+0.54	3.9
Managed	5½	51.80	52.43	55.92	+0.67	5.0
UK Growth	5½	42.35	42.99	45.85	+0.78	6.6

Standard Chartered Equitor (1200)F
69 Old Broad Street, EC2M 1QS 071-280 6521

Mngd Exempt Acc	3	175.4	177.6	184.9	----	3.42
Do Income	3	163.1	164.9	171.7	----	3.42

Standard Life Tst Mngmt Ltd (0730)H
9 George St, Edinburgh EH2 2XZ 0800 393777

Managed Acc	5½	33.38	33.38	35.47	+0.8	2.57
UK Equity Gth Acc	5½	44.82	45.63	48.49	+1.0	2.36
UK Eq High Inc Inc	5½	25.98	26.57	28.24	+0.7	5.96
UK Eq High Inc Acc	5½	29.77	30.45	32.36	+0.8	5.96
UK Equity Gen Acc	5½	43.77	44.51	47.30	+1.7	3.61
UK Equity Gen Inc	5½	33.87	34.45	36.61	+0.9	3.61
UK Larger Cos Acc F	7½	289.3	293.0	318.0	+8.2	5.03
UK Larger Cos Inc F	7½	229.3	232.1	252.1	+6.5	5.03
Gilt & Fxd Int Inc	3½	28.67	28.74	30.40	+0.5	7.39
O'seas Lrg Cos Acc F	7½	184.5	187.5	203.5	+4.1	1.88
Nth American Acc	5½	31.08	31.20	33.15	+0.3	0.99
Far East Acc	5½	34.20	34.20	36.34	+1.0	0.20
European Acc	5½	31.65	32.86	34.92	+0.4	1.67

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

American ♥	5	245.2	245.2	261.0	+8.8	0.92
(Accum Units) ♥	5	288.6	288.6	307.2	+4.5	0.92
British	5	714.3	732.0xd	774.5	+6.4	6.95

Robert Fleming Asset Mngmt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Am Exempt	£429.71	436.22	----	1.38
Gen Exempt	£113.23	115.67	----	4.18
Jap Exempt	£325.98	331.72	----	1.28
Pacific Exempt	£99.05	101.30	----	2.07
Cont'l Euro Exempt	£92.88	94.65	----	2.70
Indexed Exempt Sep 3	£114.98	117.84	----	5.11
Amer Indexd Expt Sep 3	£96.15	97.115	----	2.93
Japan Indexd Expt Sep 3	£45.26	46.17	----	0.98
Euro Indexd Expt Sep 3	£86.74	88.49	----	3.46
P'fine Indexd Expt Sep 3	£85.24	87.09	----	2.40

Foreign & Colonial Unit Management Ltd

Balanced Acc Sep 1	139.1	145.0	+1.2	4.47
Balanced Inc Sep 1	139.1	145.0	+1.2	4.47

Funds in Court*

Capital Aug 27	446.08	449.45	----	3.90
Gross Aug 27	163.91	165.23	----	12.71
High Yield Aug 27	259.44	261.51xd	----	9.43

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

Pensions Mngd	49.49	50.51	+0.65	3.95

INVESCO MIM Management Ltd
Exempt Funds

Intl Mngd P'Folio	1021.0	1101.0	----	-
Mngd Pens (Acc)	62.0	66.1	----	-

Lazard Brothers & Co. Ltd

Property Sep 3	£2125.0	2350.0	----	7.00
Inc Gth Prp Apr 22	£1375.0	1500.0	----	8.90

Lazard Investors Ltd
Exempt Funds

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Pearl Assurance (Unit Funds) Ltd

Prudential Corporate Pension Funds

Scottish Amicable – Contd.

Sun Alliance Group – Contd.

Windsor Life Assur Co Ltd – Contd.

Royal Life Intl. Ltd – Contd.

Fidelity Money Funds – Contd.

Sarasin Funds Mngmt (Guernsey) Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

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Gartmore Fund Managers (IoM)
PO Box 32, Douglas, IoM 0624 627610

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Grth	5¼	455.8	455.8	499.51	+6.2	0.9

Leopold Joseph Fund Mngrs (IoM) Ltd

Mercury Fund Managers IoM Ltd

Sun Life Management (IoM) Ltd

Unibank Scandinavian Fund Ltd

ISLE OF MAN (REGULATED)(**)

ATC Fund Management (SG) Ltd

AXA Equity & Law Intl Fund Mgs

EquitiLink International Mngt Ltd

Fidelity Investment (CI) Ltd

Fleming Group

Foreign & Colonial Mngt (Jersey) Ltd

John Govett Management (Jersey) Ltd

Commercial Union Luxembourg SA – Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Reserve Funds						
Yen Reserve Acc		Y-	1030	1040	—	2.5
Yen Reserve Dis		Y-	995	1005	—	2.5

Cresvale Asset Advisors (Lux) SA (a)

DB Investment Management SA

Europe Value Fund (a)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$10.14		+0.03	-

EurOptec (a)

Fidelity Intl Inv Mngt (Luxembourg) SA

Fidelity Investment (CI) Ltd

Astra Malaysian Growth Fd (Cayman) Ltd

Alliance Capital

Global Asset Management

	Bid Price	Offer Price	+ or -	Yield Gross
GAMerica	$314.00		+3.55	-
GAM Arbitrage	$305.81			-
GAM ASEAN	$231.96		+6.83	-

North Star Fund Managers – Contd.

Northfield International Ltd

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3 pm)

INDICES

NEW YORK DOW JONES

	Sep 3	Sep 2	Sep 1	Aug 31	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3292.20	3290.31	3266.26	3257.35	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.57	102.24	102.04	102.16	102.57 (3/9)	98.41 (20/3)	102.57 (3/9/92)	54.99 (1/10/81)
Transport	1262.07	1269.93	1240.23	1221.26	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	219.70	219.70	220.02	219.02	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3325.97 (3301.92) Low 3268.96 (3249.78) (Theoretical♠)
Day's High 3313.27 (3292.47) Low 3285.17 (3264.10) (Actual♠)

STANDARD AND POOR'S

	Sep 3	Sep 2	Sep 1	Aug 31	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	417.98	417.98	416.07	414.03	425.09 (3/8)	394.50 (8/4)	425.09 (3/8/92)	4.40 (1/6/32)
Industrials	492.53	491.97	489.61	487.27	499.51 (3/8)	470.91 (8/4)	499.51 (3/8/92)	3.62 (21/6/32)
Financial	35.22	35.33	35.11	34.86	36.66 (3/8)	32.40 (8/4)	36.66 (3/8/92)	8.64 (1/10/74)
NYSE Composite	230.11	230.01	229.02	228.03	233.66 (3/8)	217.92 (8/4)	233.66 (3/8/92)	4.46 (25/4/42)
Amex Mkt. Value	385.10	382.73	381.44	380.78	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	574.87	571.25	565.61	563.12	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Aug 28	Aug 21	Aug 14	year ago (approx.)
Dow Industrial Div. Yield	3.16	3.17	3.11	3.01

	Sep 2	Aug 26	Aug 19	year ago (approx.)
S & P Industrial div. yield	2.63	2.64	2.62	2.70
S & P Indl. P/E ratio	27.52	27.18	29.06	21.33

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Limited	3,328,800	23⅞	+ ⅛
Gap	3,039,200	33⅞	- 2
Merck	2,913,300	48¼	+ ¼
Philip Morris	2,881,700	85	+ ⅞
Gen Motors	2,673,700	34⅞	+ ⅛
Mead	2,504,400	37⅞	- 1¼
RJR Nabisco	2,481,900	8⅞	+ ⅛
Waste Man	2,176,800	34	+ ¾
ADV Micro	2,162,100	11½	+ ⅛
Sun Elec	1,853,000	11⅞	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Sep 3	Sep 2	Sep 1
New York SE	212.540	187.010	172.450
Amex	12.610	10.372	10.508
NASDAQ	186.497	170.335	156.869
NYSE			
Issues Traded	2,333	2,319	2,315
Rises	982	1,097	949
Falls	778	623	741
Unchanged	573	599	625
New Highs	71	63	54
New Lows	16	16	22

CANADA TORONTO

	Sep 3	Sep 2	Sep 1	Aug 31	1992 HIGH	1992 LOW
Metals & Minerals	2981.61	2971.86	2924.51	2949.71	3238.87 (16/1)	2828.26 (8/4)
Composite	3453.24	3436.71	3407.63	3402.92	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1803.55	1792.15	1773.19	1776.13	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Sep 4	Sep 3	Sep 2	Sep 1	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1530.3	1526.3	1528.5	1542.5	1684.50 (22/5)	1517.40 (25/8)
All Mining (1/1/80)	671.1	671.7	674.8	679.9	726.80 (3/7)	658.90 (25/8)
AUSTRIA						
Credit Aktien (30/12/84)	304.91	301.34	300.02	302.37	458.57 (24/2)	291.41 (13/8)
Traded Index (2/1/91)	730.53	721.21	717.86	724.60	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1070.36	1066.86	1046.07	1050.06	1235.40 (2/6)	1046.07 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	271.75	268.93	268.82	274.97	365.29 (15/1)	268.82 (2/9)
FINLAND						
HEX General (28/12/90)	548.3	553.2	557.5	562.1	935.90 (24/2)	548.30 (4/9)
FRANCE						
CAC General (31/12/82)	486.49	475.75	462.23	466.24	555.93 (12/5)	462.23 (2/9)
CAC 40 (31/12/87)	1778.98	1780.46	1711.41	1674.23	2077.49 (11/5)	1667.72 (25/8)
GERMANY						
FAZ Aktien (31/12/58)	604.22	602.93	594.32	601.16	725.26 (26/5)	582.34 (26/8)
Commerzbank (1/12/53)	1711.20	1703.80	1677.60	1698.60	2043.80 (25/5)	1642.70 (26/8)
DAX (30/12/87)	1536.50	1530.75	1506.67	1518.70	1811.57 (25/5)	1468.91 (25/8)
HONG KONG						
Hang Seng Bank (31/7/64)	5707.51	5722.46	5734.45	5711.57	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1218.32	1220.17	1219.18	1215.14	1469.57 (17/1)	1208.18 (26/8)
ITALY						
Banca Com. Ital. (1972)	371.51	371.43	375.34	384.99	551.59 (6/2)	371.43 (3/9)
MIB General (2/1/92)	729.0	728.0	736.0	755.0	1086.00 (5/2)	728.00 (3/9)
JAPAN						
Nikkei (16/5/49)	18555.30	18386.49	17987.72	17740.06	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1420.38	1396.79	1349.05	1370.27	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1804.83	1788.06	1789.50	1813.26	2459.85 (6/1)	1502.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	581.17	577.71	572.92	573.50	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen (End 1983)	283.8	284.4	280.2	280.7	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	193.0	193.8	190.9	191.3	215.50 (26/5)	189.70 (25/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	559.73	561.79	552.83	556.79	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1392.80	1392.27	1392.34	1366.91	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	367.54	367.96	366.55	369.14	416.99 (21/1)	354.15 (19/8)
SOUTH AFRICA						
JSE Gold (28/9/78)	935.04	935.0	940.0	954.0	1327.00 (21/1)	929.00 (25/8)
JSE Industrial (28/9/78)	4111.04	4102.0	4078.0	4074.0	4689.00 (4/6)	3973.00 (14/8)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	544.08	563.94	562.74	558.60	691.48 (8/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	216.42	216.30	209.82	206.37	266.51 (28/2)	203.76 (26/8)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	757.0	753.9	746.4	751.6	1014.50 (11/5)	732.30 (25/8)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	826.4	818.6	836.9	883.40 (11/5)	749.50 (8/1)
SBC General (1/4/87)	(u)	618.4	613.2	610.2	682.30 (11/5)	596.40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	(c)	3888.49	3933.61	3960.45	5391.63 (30/1)	3733.06 (20/8)
THAILAND						
Bangkok SET (30/4/75)	763.28	763.42	762.42	753.53	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	515.0*	514.1	506.7	506.6	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	818.89	822.99	805.16	803.70	976.55 (25/5)	132.99 (3/9)

**Saturday August 29. Taiwan Weighted Price (c), Korea Comp Ex. 539.21.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE 20 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow holds its ground on bad jobs data

Wall Street

US share prices held their ground yesterday in spite of bad employment news and a sharp fall in the dollar, although the underlying tone of the markets remained weak, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down just 4.05 at 3,288.15. The more broadly based Standard & Poor's 500 was also slightly lower at midsession, down 0.06 at 417.92. The Nasdaq composite fell 1.91 to 572.97, and the Amex composite 0.25 to 384.85, although trading on the American Stock Exchange was disrupted by a fire in the neighbouring building. NYSE turnover was light at 84m shares by 1 pm.

Trading opened amid difficult conditions. At 8.30am the Labor department reported that August non-farm payrolls had declined by 83,000, a figure that shocked the market, which had been expecting a substantial rise. The fall would have been 100,000 larger but for the impact of a Federally-funded summer jobs programme which temporarily boosted payrolls.

The data triggered heavy selling of the dollar on foreign exchange markets, sending the US currency more than two pfennigs lower against the Deutschmark to just below DM1.40.

In spite of this news and the dollar's fall, stocks opened broadly unchanged, helped by expectations that the Federal Reserve would cut interest rates and by a big fall in bond yields.

The Fed did eventually cut interest rates just before noon, but not by much. It lowered the fed funds target from 3¼ per cent to 3 per cent, disappointing the market which had hoped for a 50 basis-point cut in the discount rate.

Among individual stocks, selected banks were lifted by hopes of lower interest rates. Chemical rose $¼ to $33¼, Chase Manhattan firmed $⅛ to $22⅞, JP Morgan added $⅝ at $60⅝, Banc One put on $¼ at $43⅞ and Bankers Trust rose $⅝ to $61⅞.

The main exception to the trend was Citicorp, down $⅛ at $16⅝ and still troubled by the revelations earlier this week that regulators had severely criticised the bank for poor management and supervision of its mortgage operations.

USX-Marathon, the energy subsidiary of USX-Steel group, fell $⅝ to $18⅛ in heavy trading after Oppenheimer & Co, the broking house, lowered its investment rating for the stock to "neutral" from "long-term buy", citing a belief that second-half earnings will be pressured by the closure of a refinery and speculation that the company's annual dividend may be cut.

Canada

TORONTO was mixed at midsession as the weak US dollar affected sentiment. The TSE-300 composite index was up 0.32 at 3,453.562 in volume of 18m shares. Advances led declines by 225 to 189 in turnover of C$127.9m.

Small-capitalisation, natural resource issues topped the most active list. *Hillsborough* rose 13 cents to C$2.28, Sceptre Resources gained 5 cents 54 cents, and Orvana Minerals slipped 6 cents to 27 cents.

Government action lifts Tokyo stocks

But the rise in values may become more difficult to sustain, writes Emiko Terazono

After more than two and a half years of decline, the scale of the recent jump in Japanese share prices seems to reflect a definite turnround in sentiment.

The Nikkei average has surged amid heavy volume, *gaining 4,245.89 points, or 30* per cent from its six-year low in mid-August.

Most market participants seem convinced that the worst is over. "It's a very, very powerful rebound, one of the strongest I've seen in my life," says Mr Peter Tasker, strategist at Kleinwort Benson.

The first round of buying followed the government's announcement of emergency support measures for the country's banking system.

After the Nikkei plunged to a *new six-year low of 14,309.41 on* August 19, the government announced measures preventing financial institutions from selling shares to boost profits.

However, the real spur was anticipation of the economic package announced late on Friday, August 28.

Aside from Y10,700bn in public works spending, additional measures to support the stock market were included. On the demand side, additional public investment was allotted to be invested freely in the stock market, while, on the supply side, financial institutions were "guided" not to sell shares.

New offers of former government owned companies, such as Nippon Telegraph & Telephone and JR East, were also *suspended.*

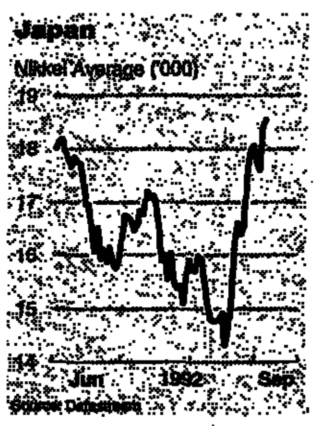
The government decided to allocate Y1,120bn this year in addition to the initially planned Y5,680bn of public funds for investment.

There will no limits on equity investments for Y2,280bn of the allocation and, in addition, that Y2,280bn will be managed on a five-year basis rather than the usual one year, easing pressure on fund managers to produce short-term returns.

However, while hopes of new demand have added to this week's bullishness it is unlikely that the public funds will pour into the equity market.

Mr Kaoru Shimura, head of public pension fund management at Sumitomo Life, says: "We will buy at dips, but we already have 15 per cent in the equity market, and we are not in a rush."

At the end of last March, funds of health and welfare ministry pensions, the postal savings system, and post office



life insurance invested into the stock market totalled Y5,990bn, although the maximum amount allowed was Y11,000bn.

Investment management for public funds has been among the most conservative in Japan, and strategists point out that while the government's increase in allocation boosts the potential of funds into the stock market, it will not mean aggressive buying by managers of public funds.

"The government is not saying that we should put the money into the equity market and lose it," says Mr Craig Chudler, strategist at UBS Phillips & Drew.

Mr Chudler estimates that on the basis of past allocations by fund managers, some Y1,700bn will flow into the market during the current fiscal year to next March.

Meanwhile, the main question is whether share prices have further to rise. The halt *on share sales and the increase* in buyers has created a temporarily artificial environment for the stock market.

While hopes that the government will solve the problems of the banking industry is currently lifting prices, analysts point out that such expectations are dangerous.

Mr Tasker at Kleinwort Benson points out that the government is delaying the surfacing of problems, rather than solving them, allowing time for banks to recover until the economy picks up. "It's wrong to think that the bad debt problems will immediately disappear," he says.

In terms of share price valuation, stocks also look unattractive. The market is currently trading at a price/earnings ratio of 50 times, and with the outlook for corporate earnings still weak, the potential for further gains may be limited. "It's hard to find buyers at the 19,000 to 20,000 level," says Mr Chudler.

For the current year to next March, Nomura Research Institute, the research division of Nomura Securities, yesterday revised down its corporate earnings outlook for 1,400 companies, including financials. It estimates that pre-tax profits will fall by 17.9 per cent *instead of the initial 10 per* cent forecast, due to a worse-than-expected fall in consumer spending.

Even if economic fundamentals improve, analysts point out that a sustained rise in share prices will not be achieved without a change in the nature of the market, which is currently oriented around capital gains.

Since over 70 per cent of the shareholders are institutions, who do not gain from increased dividends due to the tax system, companies have been reluctant to raise dividends.

On the long term, it will be hard to achieve a stable market recovery without the participation of individual investors.

However, with the current yield on the Nikkei around 0.8 per cent, and other fixed income products offering around 4 per cent, it will be hard to convince individual investors to invest.

EUROPE

Bourses lose headway on Italian, US blows

BOURSES turned down again in the course of yesterday, reflecting a lack of buying enthusiasm, the Italian discount rate increase and the US jobless figures, *writes Our Markets Staff.*

PARIS remained volatile although traders were encouraged by what was felt to be a strong performance from President François Mitterrand during Thursday night's televised debate on Maastricht. Some analysts said that the current view was that the referendum, which opened officially for campaigning yesterday, would result in a Yes vote.

The CAC-40 swung between a day's high of 1,803 and a low of 1,751 before settling to close 1.48 lower at 1,778.98, but 5.4 *per cent stronger on the week.*

Corporate news provided a number of features with Euro Disney and Carrefour both prominent. Shares in the theme park operator were boosted in early trade on news of better-than-expected attendance figures but later fell back after Paribas in London said that it had reiterated its *sell recommendation. Euro Dis*ney shares, which had seen FFr88.00 early on, fell back to FFr77.50 before bargain hunters stepped in, bringing the shares up 10 centimes on the day to FFr82.00. Volume was heavy at 745,000 shares.

Trading in Carrefour was suspended at FFr2,300, down FFr179 or 7.2 per cent ahead of an announcement from the group after the market had closed. There were rumours, later substantiated, that the retailer would report a serious decline in first half earnings, and that Mr Michel Bon had resigned as chairman.

MILAN moved from in-session stability, with the Comit index 0.08 higher at 371.51 (if 5.6 per cent down on the week) into further decline in the post bourse. The MIB all-share index was an indicated 1.8 per cent lower in the later afternoon, following the 1.75 percentage point lift in the Bank of Italy's discount rate to 15 per cent.

Fiat fixed L102 firmer at L3,873, then tumbled L258 to L3,615 *on the kerb. Pirelli* dropped L65 to L1,074 while the computer company, Olivetti, fell L66 to L1,970 and Mediobanca, having broken through technical support at L10,000 earlier this week, shed another L495 to L8,600.

FRANKFURT showed some deterioration in the post bourse, but damage had *already been done when the* DAX index closed just 5.75 higher at 1,536.50, nine points off its high and 1.4 per cent higher on the week. Turnover rose from DM4.3bn to DM4.9bn.

Dealers said that a further fall in west German industrial orders had added to mounting evidence of a stagnating economy and built up the pressure *on the downside, but that more* significant pressure had come on talk of a substantial earnings downgrade for Volkswagen by Morgan Stanley.

VW dropped DM4.20 to DM315.80 on the day, and was quoted at DM314 in London later. In steels, Thyssen suffered from talk of a downgrade by another securities house, and closed DM6.90 lower at DM196.50; dealers said that investors dumped Thyssen, and bought Mannesmann which closed DM5.50 higher at DM238.00.

AMSTERDAM fell back slightly, in line with the weaker dollar. The CBS Tendency index slipped 0.4 to 109.9, marginally lower on the week.

Impressive results from Elsevier early in the session lifted sentiment as its first half figures exceeded most analysts' *forecasts. Its shares closed Fl 2.60* firmer at *Fl 112.20.*

Heineken closed 70 cents up at Fl 172.70 ahead of its interim results, announced after the close.

BRUSSELS managed a slight *gain ahead of the weekend.* The Bel-20 index rose 3.5 to 1,070.36, up 0.7 per cent on the week.

Petrofina advanced BFr110 to BFr8,670 while Solvay went against the trend, closing BFr125 lower at *BFr11,750 with* some 2,850 shares traded.

Delhaize put on BFr6 to BFr1,500 before announcing a *3.6 per cent rise in first half* profits, after the close.

MADRID was distinguished by its relative calm, the general index closing 0.12 higher at 216.42 and consolidating a rise of 5.3 per cent on the week.

Nordic markets were volatile, COPENHAGEN featuring a fall of another DKr5 to DKr59 in East Asiatic in a continued *reaction last week's loss* announcement as the CSE index rose 2.82 to 271.75. Meanwhile, Aker remained OSLO's latest open wound, the A falling NKr2.5 more to NKr30 in a flat market. Aker closed 40 per cent down on a week which took in a costly costs debacle for its Norwegian Contractors subsidiary.

VIENNA was firmer with the ATX index gaining 9.32 to 730.53, a 1.8 per cent rise on the week.

Wienerberger, the building *materials supplier*, was one of the most active issues, up Sch100 at Sch3,200.

FT-SE Eurotrack 100 - Sep 4

Hourly changes							
Open	10.30am	11 am	12 pm	1 pm	2 pm †	3 pm	close
1036.64	1034.18	1032.32	1029.50	1030.34	1022.17	1025.63	1029.27

Day's High 1036.74 Day's Low 1017.92

Sep 3	Sep 2	Sep 1	Aug 28	Aug 27
1031.46	1011.19	1007.79	1013.54	1017.14

Base value 1000 (26/10/90) † Indicative

SOUTH AFRICA

JOHANNESBURG blue chips recovered a little more, the overall index rising 8 to 3,181, industrials by 9 to 4,111 and *golds by 3 to 935. Harmony* rose R1.85, or 25 per cent to R9.35 on news that the struggling mine could get state assistance.

ASIA PACIFIC

Nikkei gains on stronger financial sector

Tokyo

STRONG buying of financial stocks pushed up other shares, and the Nikkei average rose amid active trading, *writes Emiko Terazono in Tokyo.*

The 225-issue index gained 168.81 to 18,555.30, rising 3.2 per cent on the week. After a brief fall to the day's low of 18,425.73 on profit taking, heavy futures-linked buying and short covering lifted the Nikkei to a day's high of 18,833.50 before it shed some of its gains on afternoon profit taking.

Volume rose to 750m shares from 531m. Foreign investors *and investment trusts led the* activity, while institutional investors were inactive. Advances led declines by 700 to 331, while 113 issues remained unchanged. The Topix index of all first section stocks rose *23.59 to 1,420.38*, closing over the 1,400 level for the first time since March 31. In London, the ISE/Nikkei 50 index rose 5.75 to 1,153.98.

Banks, brokers, and non-life insurers drew active buying. Traders pointed out that the financial stocks were among the most heavily sold in the previous market plunge. "One *third is genuine buying but the* rest is investors, such as hedge funds trying to cover short positions," said one fund manager.

Industrial Bank of Japan surged Y220 to Y2,990 and Mitsubishi Bank advanced Y110 to Y2,500. Nomura Securities gained Y130 to Y1,770 and Tokio Marine & Fire gained Y50 to Y1,290.

Speculative issues eased on profit taking. Meiji Milk Products fell Y20 to Y1,130 and Green Cross fell Y30 to Y1,740.

NTT *also declined* Y15,000 to Y605,000 on profit taking, while Isuzu Motors lost Y4 to Y386 and Nippon Steel retreated Y4 to Y303.

In Osaka, the OSE average advanced *275.27 to* 20,121.50 in volume of 29.4m shares. The authorities said that the trading volume of stock index futures in August fell 25 per cent *from July, due to new* restrictions on quotations. However, stock index options volume rose 1.7 per cent to post this year's highest level.

Roundup

THE region produced a limited response to gains in the UK, and in Tokyo.

SYDNEY picked up slightly after four days of losses, the All Ordinaries index closing 4.0 higher at 1,651.4, down 1.5 per cent on the week, in turnover up from A$250m to A$291m.

Traders said that the positive tone was set overnight in London, when A$32m of Australian shares were traded. Among oil and gas producers, the Santos bid for Sagasco lifted the oil *and gas sub-index* by 1.1 per cent.

NEW ZEALAND blue chips lifted the NZSE-40 index by 19.84, or 1.4 per cent to 1,491.58, 0.7 per cent higher on the week, as turnover nearly doubled from NZ$14.4m to NZ$27.9m. In KUALA LUMPUR, afternoon profit-taking tempered modest earlier gains *on the continued Tokyo* rebound, the composite index ending 3.46 higher at 581.17 for a week's rise of 1.1 per cent.

HONG KONG also saw profit-taking, but this combined with jitters over China's *expression of anger toward* Washington's proposed sale of fighter aircraft to Taiwan to leave the Hang Seng index 14.95 lower at 5,707.51, up 1.4 per cent on the week in turnover down from HK$2.01bn to HK$1.83bn.

SINGAPORE ended softer, the Straits Times Industrial index easing 2.83 to 1,364.88 while MANILA consolidated, the composite index slipping just 0.27 to 1,392.00. Both were fractionally up on the week.

SEOUL had risen nearly 20 *per cent since the govern*ment's support package on August 24, but a spate of profit-taking left the composite index 19.86, or 3.7 per cent lower yesterday at 544.08, still 4.9 per cent higher on the week.

BOMBAY saw heavy investment and speculative buying as the BSE index shot up 86.57, or 2.8 per cent to 3,166.10, mainly on reports that direct equity investment by foreigners would soon be permitted.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 3 1992								WEDNESDAY SEPTEMBER 2 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	128.80	+0.0	96.25	100.92	94.52	119.04	-0.2	4.54	128.82	95.30	100.04	93.13	119.22	153.68	126.79	149.82
Austria (19)	150.57	-1.6	112.52	117.97	110.49	110.54	+0.1	2.64	153.01	113.20	118.82	110.62	110.44	186.70	139.27	181.99
Belgium (42)	142.44	-0.1	106.44	111.60	104.53	102.40	+1.5	6.01	142.60	105.50	110.73	103.09	100.93	152.27	135.87	129.86
Canada (114)	127.73	+0.4	95.45	100.07	93.73	110.85	+0.5	3.14	127.22	94.12	98.79	91.96	110.32	142.12	124.32	138.78
Denmark (33)	211.06	-1.2	157.72	165.37	154.88	157.09	+0.4	1.81	213.59	158.01	165.86	154.40	156.50	273.94	211.06	251.45
Finland (15)	60.08	-1.8	44.90	47.07	44.09	48.56	-1.2	2.91	61.19	45.27	47.52	44.24	49.17	89.80	59.93	95.04
France (102)	164.45	+2.1	122.89	128.84	120.67	123.88	+3.4	3.63	161.07	119.16	125.07	116.43	119.76	168.75	148.06	137.92
Germany (64)	118.28	+0.0	88.39	92.69	86.80	86.80	+1.5	2.64	118.26	87.49	91.84	85.49	85.49	129.69	114.42	108.56
Hong Kong (53)	235.22	-0.2	175.78	184.30	172.62	233.40	-0.2	3.61	235.60	174.30	182.95	170.33	233.75	259.55	176.36	166.34
Ireland (16)	157.96	-1.2	118.04	123.76	115.92	118.96	+0.1	4.45	159.96	118.34	124.22	115.63	118.81	173.71	151.78	155.94
Italy (78)	59.56	-2.7	44.51	46.67	43.71	48.04	-1.2	4.32	61.22	45.29	47.53	44.25	48.61	80.86	59.56	72.24
Japan (473)	113.14	+3.1	84.54	88.64	83.03	88.64	+4.0	0.96	109.73	81.18	85.21	79.34	85.21	140.95	87.27	127.08
Malaysia (69)	238.27	+1.1	176.56	185.11	173.38	226.72	+1.1	2.78	233.80	172.97	181.55	169.02	224.17	250.47	212.49	209.40
Mexico (18)	1299.08	+0.1	970.77	1017.84	953.31	4354.08	-0.1	1.38	1297.91	960.22	1007.90	938.28	4357.25	1789.77	1259.94	1215.69
Netherland (25)	166.98	+0.1	124.78	130.83	122.54	121.26	+1.6	4.62	166.83	123.42	129.55	120.61	119.32	167.29	147.88	139.50
New Zealand (14)	42.32	+0.1	31.62	33.16	31.05	41.58	+0.0	5.48	42.29	31.29	32.84	30.58	41.57	48.52	41.90	47.40
Norway (23)	146.68	+1.2	109.61	114.92	107.64	111.24	+2.7	2.27	144.89	107.19	112.52	104.75	108.31	192.95	136.40	199.60
Singapore (38)	192.88	+0.7	144.13	151.12	141.54	141.68	+0.8	2.34	191.47	141.65	148.69	138.42	140.56	229.63	180.71	197.61
South Africa (61)	192.95	-0.1	144.19	151.18	141.59	156.93	+0.3	3.23	193.23	142.95	150.05	139.68	156.46	263.60	186.01	241.45
Spain (49)	144.06	+1.6	107.65	112.88	105.72	100.24	+3.3	5.86	141.76	104.87	110.09	102.48	97.08	161.72	133.79	151.69
Sweden (30)	179.02	+0.4	133.78	140.27	131.38	136.88	+2.0	3.00	178.25	131.87	138.42	128.86	134.18	200.28	171.48	188.23
Switzerland (62)	114.46	-1.2	85.53	89.69	84.01	89.66	+0.7	2.39	115.84	85.70	89.96	83.76	89.02	115.84	95.99	92.44
United Kingdom (228)	186.34	+1.9	139.25	146.99	136.73	139.25	+2.9	5.28	182.86	135.28	141.99	132.18	135.28	200.07	165.85	180.76
USA (522)	170.31	+0.1	127.27	133.44	124.98	170.31	+0.1	2.98	170.20	125.92	132.18	123.05	170.20	173.10	160.92	157.94
Europe (786)	148.96	+0.9	111.31	116.71	109.32	110.94	+2.2	4.30	147.60	109.20	114.62	106.71	108.51	156.88	139.31	140.57
Nordic (101)	161.19	-0.1	120.45	126.30	118.29	117.52	+1.5	2.56	161.29	119.32	125.25	116.60	115.79	188.52	159.53	184.93
Pacific Basin (715)	117.22	+2.7	87.60	91.85	86.02	93.54	+3.5	1.31	114.11	84.42	88.61	82.49	90.35	141.97	93.70	128.73
Euro - Pacific (1501)	130.06	+1.9	97.19	101.90	95.44	100.61	+2.9	2.69	127.66	94.44	99.13	92.28	97.75	145.21	113.80	133.75
North America (636)	167.64	+0.1	125.27	131.36	123.04	166.26	+0.1	2.99	167.51	123.93	130.09	121.12	166.12	170.31	158.70	156.68
Europe Ex. UK (558)	126.47	+0.2	94.50	99.11	92.82	94.75	+1.8	3.58	126.20	93.38	98.02	91.25	93.11	132.98	121.81	116.90
Pacific Ex. Japan (242)	157.27	+0.1	117.52	123.24	115.42	141.91	+0.1	3.80	157.06	116.20	121.99	113.55	141.77	175.31	149.00	145.08
World Ex. US (1694)	131.33	+1.8	98.14	102.91	96.38	102.82	+2.8	2.71	129.03	95.46	100.21	93.28	99.85	148.91	116.18	135.71
World Ex. UK (1988)	139.43	+1.0	104.19	109.25	102.33	121.87	+1.5	2.51	138.07	102.14	107.22	99.82	120.04	150.58	127.21	138.52
World Ex. So. Af. (2155)	143.23	+1.1	107.03	112.23	105.12	123.12	+1.7	2.81	141.67	104.81	110.02	102.42	121.06	153.05	130.04	141.54
World Ex. Japan (1743)	160.91	+0.4	120.24	126.09	118.10	143.42	+0.9	3.49	160.30	118.60	124.50	115.91	142.21	165.40	153.20	151.55
The World Index (2216)	143.49	+1.1	107.23	112.43	105.30	123.45	+1.7	2.82	141.94	105.01	110.23	102.62	121.40	153.70	130.66	142.19

Constituent changes with effect 7/9/92: Deletions: Landis & Gyr (P.C.) (Switzerland) and Valenciana Cementos (Spain).
Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 8¼pc 1993		99	—	99	97	8.30	9.86
10pc 1993‡‡		100	—	100½	99	9.98	9.91
12½pc 1993‡‡		102	+	103	101¼	12.24	9.87
Funding 6pc 1993‡‡		97¼xd	+¼	97	95	6.17	8.81
Treas 13¾pc 1993‡‡		104	+	106	103	13.18	9.77
8½pc 1994		98	+	99	96¾	8.63	9.63
14½pc 1994‡‡		106	—	108¼	105	13.64	9.83
Exch 13½pc 1994		105	—	107	104	12.82	9.86
Treas. 10pc Ln. 1994‡‡		100	+	101⅛	98	9.98	9.70
Exch 12½pc 1994		104¾	+	106	103	11.93	9.78
Treas 9pc 1994‡‡		98	+	99	96⅝	9.11	9.58
12pc 1995		104	+	106	103	11.46	9.72
Exch 3pc Gas 90-95		91	+	94	88¼	3.30	6.51
10¼pc 1995		101	+	103⅛	99	10.18	9.64
Treas 12¾pc 1995‡‡		108	+	110	106⅝	11.76	9.60
14pc 1996		111⅞	+	114	110	12.51	9.77
9pc 1992-96‡‡		99xd	+	100	96	9.08	9.24
15¼pc 1996‡‡		116	+	119	114	13.09	9.78
Exch 13¼pc 1996‡‡		110	+	112⅞	108½	11.98	9.77
Conversion 10pc 1996		101⅝	+	103⅝	98	9.84	9.50
Treas 13¼pc 1997‡‡		112	+	114	110	11.79	9.69
Exch 10½pc 1997		103⅝	+	105	100	10.13	9.47
Treas 8¾pc 1997‡‡		97	+	98	94	8.97	9.39
Five to Fifteen Years							
Exch 15pc 1997		120	+	123	118	12.43	9.78
9¾pc 1998		101¼	+	103	97	9.63	9.45
Treas 6¾pc 1995-98‡‡		90	+	92	86	7.43	8.82
15½pc '98‡‡		126⅛xd	+	129	123	12.29	9.73
Exch 12pc 1998		110	+	113¼	107	10.82	9.60
Treas 9½pc 1999‡‡		100	+	103⅛	97	9.41	9.29
Exch 12¼pc 1999		112xd	+	115	109½	10.87	9.60
Treas 10½pc 1999		105	+	107	101	9.99	9.43

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Conversion 10¼pc 1999		103	+	106	100	9.86	9.43
9pc 2000‡‡		98	+	100	94⅝	9.11	9.23
Treas 13pc 2000		118	+	121⅛	114	11.01	9.65
10pc 2001		104¼	+½	106¼	99	9.59	9.26
14pc '98-01		117	+	121	115	11.87	9.81
9¾pc 2002		103	+	105½	98¾	9.42	9.19
10pc 2003		105⅝xd	+	107	100	9.47	9.17
Treas 11½pc 2001-04		111½xd	+½	113	107	10.31	9.52
Funding 3½pc '99-04		67¼	+	68	59½	5.20	9.74
Conversion 9½pc 2004		102	+	104	96	9.25	9.13
9½pc 2005		102	+	104	96	9.24	9.10
Treas 12½pc 2003-05		121	+⅞	124⅝	116	10.31	9.38
8pc 2002-06‡‡		91xd	+	93	85½	8.75	9.07
Treas 11¾pc 2003-07		115	+⅝	118	110	10.16	9.36
Treas 8½pc 2007‡‡		95⅞	+¼	97	89	8.87	8.99
13½pc '04-08		128⅝xd	+	132	123	10.50	9.39
Over Fifteen Years							
9pc 2008‡‡		100⅝	+⅝	101	93	8.97	8.95
8pc 2009		91xd	+	93	85	8.71	8.94
Conv 9pc Ln 2011‡‡		100	+	102	93	8.95	8.90
Treas. 9pc 2012		101	+	102	93	8.90	8.87
9pc 2012 A		101	+	101	97⅛	8.88	8.87
Treas 5½pc 2008-12‡‡		69⅝xd	+	70	62⅞	7.98	8.69
7¾pc 2012-15‡‡		90¼	+	90	81	8.58	8.85
Exch 12pc '13-17		128	+⅝	130	120⅛	9.38	9.00
Treas 8¾pc 2017		99¼	+	101	95	8.84	8.82
8¾pc 2017 A‡‡		39¼	+	40	35	8.82	8.82
Undated							
Consols 4pc		43	—	44⅛	39⅞	9.13	—
War Loan 3½pc‡‡		38	—	39⅞	35	8.99	—
Conv 3½pc '61 Aft		62xd	—	62⅞	59	5.61	—
Treas 3pc '66 Aft		32xd	+	33	29	9.11	—
Consols 2½pc		28xd	—	29	24	8.87	—
Treas. 2½pc		28xd	-⅛	28⅛	24	8.93	—

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Index - Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	128	+	127⅝	122⅛	3.03	4.51
2pc '96	(67.9)	179xd	+	184¼	176⅝	4.01	4.68
2½pc '01	(78.3)	142xd	+	148	141¼	4.66	4.87
2½pc '03	(78.8)	138	+	144	137	4.57	4.85
2pc '06	(69.5)	146⅝	+¼	147	138	4.55	4.76
2½pc '09	(78.8)	128	+¼	134¼	126	4.51	4.71
2½pc '11	(74.6)	132	+	138	129¼	4.47	4.65
2½pc '13	(89.2)	109	+¼	114	106	4.44	4.60
2½pc '16	(81.6)	116	+	121⅞	112⅞	4.38	4.55
2½pc '20	(83.0)	111	+½	117⅛	107	4.36	4.50
2½pc '24‡‡	(97.7)	92	+⅛	97	88⅞	4.32	4.45
4⅛pc '30‡‡	(135.1)	94½	+⅛	99¼	92	4.29	4.43

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1992: 135.6 and for July 1992: 138.8.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		113⅛	—	115	105⅞	9.83	9.54
Asian Dev 10¼pc 2009		107	+	109	100	9.63	9.34
B'ham 11½pc 2012		111½	+1	113½	102¾	10.31	10.15
Ireland Cap 8½pc '10		90	—	90¼	88⅛	9.44	—
9pc Cap 1996		92⅝	—	90¾	90	9.70	—
13pc '97-02		105⅞	—	115½	103⅞	12.39	—
Hydro Quebec 15pc 2011		138½	+	141	130⅞	10.75	10.21
Leeds 13½pc 2006		124½	+1¼	125	116¼	10.84	10.18
Liverpool 3½pc Irred		33	+½	34	30	10.61	—
LCC 3pc '20 Aft		31½	+¼	31½	27	9.52	—
Manchester 11½pc 2007		110	+¼	111¼	103¼	10.45	10.28
Met. Wtr. 3pc 'B'		61¾	+¼	61⅞	53	4.86	8.60
N'wide Anglia 3⅞pc 2021		108	+¼	111¼	103¼	—	5.61
4⅛pc IL 2024		106	+¼	110¼	103¼	—	5.33
Utd Mex States 16½pc 2008		124½xd	+1	128	121½	13.26	12.86

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs h	18⅝xd	+⅛	19⅛	14⅝	13,256	2.0
♥Allegheny & W	313p	+4	388p	226p	182.7	5.0
Amdahl	696p	-14	1159p	642p	778.8	0.9
Amer Cyanamid	29½	—	37	28⅝	2,898	2.9
Amer Express	11xd	+⅛	13⅞	10⅛	6,224	4.8
Amer T & T	21⅞xd	+⅛	24⅞	20⅛	28,676	3.2
Ameritech	34½	-⅛	36⅛	32½	18,185	5.3
BankAmerica	22¼xd	+⅛	27⅛	19⅛	7,623	3.1
Bankers NY	31⅛xd	+½	37¼	28⅞	2,579	4.3
Bell Atlantic	24½	—	26¾	23⅛	10,947	5.8
BellSouth	26⅛	-⅛	29⅛	25	13,877	5.4
♥Bethlehem Steel	6⅛xd	—	9⅝	5⅛	837.4	—
Bowater	953pxd	-14	1579p	905p	343.6	6.6
CPC h	25½xd	+⅜	28¼	22⅞	3,862	2.5
♥Cadiz Land Inc	128p	—	342p	128p	—	—
Campbell Soup	19⅛xd	+¼	23⅛	17⅞	4,889	2.1
Chase Manhattan	11⅛xd	—	18½	9⅞	1,649	5.4
Chrysler	10⅞xd	+⅛	11½	6⅛	3,052	3.0
Citicorp	8⅞xd	-⅛	11⅛	5⅞	2,837	—
Colgate-Palm	28⅛xd	+⅛	29⅛	25⅛	4,516	2.3
Cont'l Bank	846p	+4	1035p	499p	854.9	3.7
Dana	18⅛xd	+⅛	24½	14⅞	869.3	4.4
Data General	428p	+18	1004p	384p	115.9	—
Dun & Brad	28½	-⅛	33½	27⅝	5,095	4.2
Eaton	38⅛	+⅛	48½	32½	1,310	3.0
Echlin	9⅞xd	+¼	11	7⅞	536.4	3.8
FPL	18⅛xd	+⅛	20	17⅛	3,233	7.0
Fluor	20⅝	+½	27	19⅛	1,672	1.0
Ford Motor	20⅛xd	+⅝	26⅞	15	10,184	2.5
Gen Elect	37⅛xd	+⅛	46⅛	36⅛	32,620	3.3
♥General Host	495p	+3	555p	360p	—	3.8
Gillette	29⅛xd	+¼	29⅞	23⅛	6,389	1.3
Hasbro	15½	—	16½	12⅞	1,335	0.7
Honeywell	33⅞xd	+⅛	43	32	2,330	2.5
Houston Inds	22	-⅛	25	22	2,849	7.1
IBM	43⅛xd	+⅛	54½	42⅞	25,084	5.8
Ingersoll-Rand	13½	+⅛	19⅛	12⅛	1,498	2.7
Lockheed	23½	-⅛	26⅞	22⅞	1,442	4.7
Lowe's h	884p	-14	1273p	815½p	644.6	1.7
Merrill Lynch	26⅛xd	+⅛	30⅛	24⅞	2,682	2.4
Morgan (JP)	30⅛	+⅜	37½	28⅛	5,794	3.8
Morris (Philip)	43xd	+⅞	45⅛	37⅛	39,553	2.1
NYNEX	42⅛	-⅛	44⅝	39⅝	8,516	5.8
Pall	13½	+¼	17⅛	10⅞	1,184	1.4
Pennzoil	28⅛xd	+⅛	38⅞	23⅛	1,082	5.9
Quaker Oats	30⅛xd	+⅛	40⅛	28	2,302	2.9
Rockwell	13xd	+⅛	15⅛	11½	2,895	3.7
Rep NY	21⅛xd	+⅜	25⅞	20⅞	1,165	2.5
Sears, Roebuck	21⅛xd	+⅛	28	19⅞	7,361	4.9
Sthwestern Bell	33⅞	-⅛	35⅞	31⅛	10,138	4.5
Sun Co	12⅞xd	—	16⅞	12⅞	1,339	7.7
Tenneco	18⅛xd	—	25⅛	16½	2,385	4.4
Texaco	32⅞xd	-⅛	35⅝	30⅛	8,418	5.1
Time Warner	53⅞xd	+¼	62⅛	46½	4,981	1.0
♥Unitab	337p	—	587p	320p	313.0	—
♥URS Intl. 1c	8½p	-¼	1¼p	0⅛p	1.81	—
US West	19½	—	21⅛	18⅛	7,993	5.7
Vanity	1083p	+29	1058p	632p	258.3	—
Waste Manage	17⅞xd	+⅝	26	16⅞	8,517	1.6
Whirlpool	1874pxd	+34	2799p	1766p	1,321	3.1
♥Woolworth	16	—	18⅛	13¼	2,886	3.7

CANADIANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
♥Abbot Energy	1¼p	—	2p	1¼p	—	—
Amer Barrick	1538p	-16	1642p	1268p	2,167	0.3
Bk Montreal	19¼	+⅛	23¼	19⅛	2,482	4.5
Bk Nova Scot	1015p	-2	1170p	839p	2,079	4.3
♥BC Gas	849p	+1	870p	621p	—	3.9
BCE	19⅛	+⅛	24½	18⅞	5,934	5.7
♥Brascan	774p	+14	857p	704p	638.3	5.7
♥Breakwater	18p	—	33p	6p	12.1	22.2
Can Imp Bk	1261p	-2	1810p	1157p	2,346	4.4

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

Notes	Price	+or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Ansbacher (H)	31	+1	34	28	57.9	–	–
Barings 8pc Cn 2nd Pf	96	+2	100	83½	12.8	11.1	–
9¼pc Non-Cum Pf	117½	+1½	125	103¼	47.9	11.1	–
Brown Shipley	53	—	104	50	8.45	–	–
Close Bros †	298	—	257	208	38.8	5.8	9.3
Hambros	286	—	292	202	358.4	8.9	7.5
7½pc Cv Pf	108½	—	119	93	138.8	10.3	–
Joseph (L)	316	—	338	308	16.3	6.8	–
Kleinwort Benson	235	—	324	212	308.4	9.1	20.6
Rea Bros	28xd	+½	37	25	10.2	2.6	–
Schroders	1168	—	1365	1043	566.7	2.1	13.8
N/V	970	—	1156	883	127.3	2.5	11.3
Singer & Fried	36	—	58	34	88.3	9.5	7.7
Warburg (SG)	425	—	595	403	891.2	5.8	8.5
6pc Cv Pf	144xd	+1	204	137	61.3	5.6	–
Wintrust	210xd	—	258	208	17.8	5.9	8.1

METALS & METAL FORMING

Notes	Price	+or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
ASW	82	—	185	80	41.4	19.4	11.7
Apollo Metals	103	—	147	103	12.1	4.5	11.2
Ash & Lacy	138	—	168	138	36.6	6.2	10.6
Barratt (H) ‡	12	—	45	12	5.21	‡	27.8
Billam (J)	118	—	144	84	1.78	5.2	8.2
Brit Steel	48½	–2	86	47½	[illegible]	12.1	47.1
BCI	21	—	38	15	18.2	13.0	7.9
Castings	101	—	195	118	34.4	3.4	11.1
Chamber & Hill	105	—	148	80	7.87	7.5	6.9

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- "Tap Stock"
- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
k Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FINANCIAL TIMES
Weekend September 5/September 6

Poll shows French swing back to European union

By William Dawkins in Paris and Lionel Barber in Brussels

THE French government's campaign for a vote in favour of the Maastricht Treaty regained ground yesterday with an opinion poll showing a significant swing in favour of European union.

The poll, conducted by the CSA institute, showed a 55 per cent majority would vote for the treaty in the referendum on September 20, the biggest margin for several weeks. This followed a marathon television appearance by President François Mitterrand on Thursday during which he faced questions from a panel of French citizens, journalists and Mr Philippe Séguin, the Gaullist former government minister who has led the No campaign.

Mr Mitterrand's performance was praised by his socialist supporters but also criticised as uninspiring by some pro-Maastricht campaigners in the opposition right wing.

Mr Henri Emmanuelli, president of the National Assembly, said: "The Yes won some points yesterday evening. I am quite confident that the French will vote yes. There will be a big percentage for the No vote but . . . all the big historic decisions for our country have always been taken by a small majority."

Among the political opposition, Mr Nicholas Sarkozy, deputy secretary of the Gaullist RPR, and a campaigner for European union,

Treaty makes best-seller ....Page 2
High marks for Mitterrand show ....Page 6

said Mr Mitterrand came over as "sympathetic" but "lacked inspiration".

Mr Jacques Delors, president of the European Commission, who has threatened to resign in the event of a French No, praised Mr Mitterrand's performance. He said he was confident the treaty would be approved and that Mr Mitterrand had been in "top form" during the debate with Mr Séguin.

Mr Delors said he would be satisfied with a narrow victory in the referendum. Dismissing fears that a close result in traditionally pro-European France would leave a question mark over the treaty, Mr Delors told French radio: "Fifty-two per cent is OK."

In his television appearance, Mr Mitterrand sought to persuade an estimated 8.3m viewers that French sovereignty would remain intact if the treaty were ratified and that the Brussels bureaucracy would be under firmer control of member states' elected representatives. He stood up competently to questioning.

The surprise emergence of a majority against the treaty in polls in the second half of August had already started to move back to a narrow majority in favour in more recent surveys, before last night's poll.

Yesterday's swing leaves the pro-Maastricht majority a long way short of the nearly 70 per cent that prevailed when the referendum was called in early June. Twelve polls are due to be published next week, before polling is forbidden in the final week of campaigning.

Warburg ends trade in stocks of 362 companies

By Sara Webb

S.G. WARBURG Securities, a leading UK stockbroker, is to stop making a market in the shares of 362 companies, claiming it no longer makes commercial sense to trade such illiquid stocks.

Yesterday's decision may result in about 90 small companies being put on the Stock Exchange's Bulletin Board, which matches buy and sell orders for illiquid shares in small companies.

Warburg's decision to stop making markets in so many shares is a blow to small companies, already hit by the recession.

Although some securities houses have stopped marketmaking in illiquid smaller companies' shares "in dribs and drabs" over recent months, according to the Stock Exchange, none has withdrawn on the same scale as Warburg.

The 362 shares being dropped include Alexandra Workwear, a market leader in company uniforms and overalls.

Of the total, 277 have a market capitalisation of less than £20m; the list includes 47 companies on the second-tier Unlisted Securities Market. Some of the stocks are not ordinary shares, but such instruments as warrants and non-voting shares.

Warburg will continue to make markets in about 1,400 stocks, including warrants and convertibles. The group said it had reviewed its past five years' operations and identified the shares it was losing money on.

"We couldn't justify making markets in these stocks to our shareholders because we were losing money on them," Warburg said. Overall, it said, the group's UK equity business was profitable in 1991 and so far in 1992.

Stock Exchange rules say a company must have at least two marketmakers. Warburg's withdrawal will leave about 90 companies with only one. The exchange said it would try over the next two weeks to find these companies a second marketmaker.

If it is unsuccessful, the companies will be put on the Bulletin Board, available on Topic the electronic information system. It gives details of each company and the date and price for the last 12 trades in its shares. To buy or sell shares using the Bulletin Board details of the order are entered on screen in the hope of a match. One smaller companies analyst said: "Being on the Bulletin Board is not as advantageous for the company because it is not so visible there."

Alarm bells start ringing, Page 5

THE LEX COLUMN

Hostage to the dollar

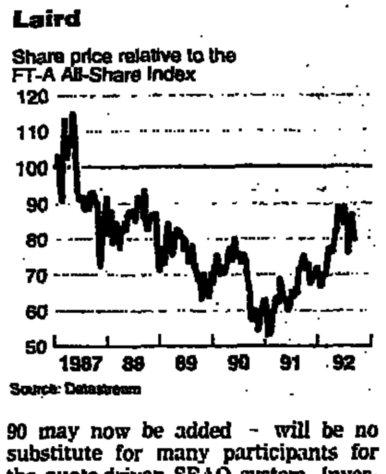
The agenda for this weekend's meeting of European finance ministers will doubtless include tactics for the run-up to the French referendum on Maastricht. On yesterday's evidence, a clear strategy for supporting the dollar should be high on the list of priorities. A 4 pfennig plunge in the dollar following the release of dreadful US employment data undid most of the good work done by European governments earlier this week. If it was not already glaringly obvious, the episode illustrates the clear linkage between the weak dollar and strains within the ERM.

The UK government may feel cheated: sterling closed at DM2.80, more comfortable than before its scheme for foreign currency funding was announced on Thursday, but 2 pfennigs below a high point reached earlier in the day. The mood in Italy will be worse. The lira remains pinned to its floor within the ERM despite a 1¾ per cent rise in the discount rate.

A deeper message from the sharp fall in US employment is that the dollar will get scant support from an early domestic economic recovery. A further widening of the differential between US and German interest rates yesterday hardly points to quick relief. If that were not enough to keep the pressure on, another set of German money supply data and another Bundesbank council meeting must be negotiated before France goes to the polls.

FT-SE Index: 2362.2 (-19.7)

Laird



Source: Datastream

Small companies

No doubt the commercial logic for S.G. Warburg of withdrawing as market-maker in more than 350 UK stocks is overwhelming. Trading small company shares can be highly profitable in the good times, but in bearish markets the combination of dealing losses and the opportunity cost of dead capital can become a significant burden.

Other houses, though they deny it fiercely, have also been striking companies off their lists. But the scale of yesterday's announcement is alarming for companies and investors alike, and ought to be of fundamental concern to the Stock Exchange. Admittedly smaller businesses are often happy to see their shares tightly held and thinly traded; there are reasons other than buying liquidity for paying the listing fee. Nor can the Exchange force marketmakers to engage in unprofitable business. That said, the order-driven Bulletin Board which already enables trades in about 120 companies to be matched – and to which another 90 may now be added – will be no substitute for many participants for the quote-driven SEAQ system. Investors arguably are already handicapped by wide spreads – but they can only feel more shackled now.

It is always possible that Warburg's move is calculated to boost its client list (given that it will probably go on marketmaking for companies where it is corporate broker). But the securities house can hardly be encouraged by the immediate outlook for small companies. As measured by the Hoare Govett smaller companies index, these are now facing their fourth consecutive calender year of underperformance against the market, an unprecedentedly poor record in view of their generally sparkling outperformance over the last four decades. Perhaps it is just another sign that the 1990s in financial markets are going to be very different.

Laird

Following better than expected results from the likes of GKN and T&N, the market was half expecting a strong showing from Laird. Even so, a 43 per cent rise in interim pre-tax profits was clearly ahead of expectations. A 3 per cent rise in the shares against the background of a falling market underlines the point. With new plant still running below capacity, sales and margins should show further improvement in the second half. Capital expenditure is still running at around 1.5 times depreciation, maintaining a record of investment in recession which underpins yesterday's figures.

The nagging concern is that success on the automotive side, which accounted for most of a £40m increase in turnover in the first half, leaves Laird looking unbalanced. Other interests, such as US plastics and packaging, are suffering. The rate of progress in future hinges on the outlook for the European car market. As a supplier to some of the newer high-volume models on the market, such as the redesigned Volkswagen Golf, Laird should be protected from the worst of any downturn. Yet new car sales in the important west German market are expected to fall this year and Laird will have to work hard to maintain momentum.

A multiple of around 12 times this year's forecast earnings is hardly demanding, though, when viewed against prospective multiples of 17 or more elsewhere in the sector.

Isosceles

For Isosceles, life does not get any easier. In the company's own words, trading conditions are tough – a view confirmed by other food retailers – and at the moment there seems little prospect of an improvement. Judging by the company's delayed annual report, that leaves the proud owner of the Gateway name with a problem. Even accepting the company's own valuations of its sites – it is not clear what they would be worth to a non-food retailer – Isosceles has around £1.2bn of net debt and negative net worth of £320m. Hardly the ideal foundations for returning to the stock market in 1995.

It is difficult to see that goal being achieved. With £100m a year being spent on converting stores to new formats, the company is not generating any free cash flow to reduce borrowings. Even if the Northern Ireland retailer Wellworth and the American Herman's chain can be sold, they are unlikely to fetch much more than book value. At the very minimum that implies that existing shareholders will be diluted out of existence on flotation. The banks seem to have decided that as the problem is not actually getting any worse, they will put off difficult decisions in the hope that something turns up.

Refashioning Isosceles into several formats ironically apes the intentions of the financial wizards who hoped to break up the disparate group and sell it to other supermarket chains eager for space. That never happened, but the accounts show a payment for loss of office of £1.9m as a monument to the late 1980s buy-out.

Banks warn Eurotunnel to settle cost dispute

By Robert Peston

EUROTUNNEL has been told by its bankers that it must settle its long-running dispute over the cost of building the channel tunnel by Monday night.

The bankers have warned that without an agreement with Transmanche Link, the Anglo-French consortium of contractors working on the tunnel, Eurotunnel may not be allowed to draw down funds from its bank facilities.

If that happened, the company would face grave financial difficulties. It needs to draw around £100m from these bank funds in early October.

A banker involved in negotiations with Eurotunnel said: "It is possible agreement will be reached over the weekend." However, he was braced for a crisis early next week.

A Eurotunnel employee said: "We have made our final offer . . . But the contractors have yet to be persuaded that midnight has arrived."

TML's members consist of five UK contractors and five French ones. Opposition to the deal is coming from the French companies. TML has been demanding that Eurotunnel pay for the huge over-runs in the costs of fitting out the rail tunnels and building passenger terminals at Folkestone, Kent and Sangatte, northern France.

However, Eurotunnel has been adamant that part of the responsibility for the increases over the original budget was TML's and therefore TML should bear some of the costs.

In the event, Eurotunnel is offering the most it can without making a serious breach of its banking covenants, or the terms of bank facilities. Its offer consists of a cash payment to TML of around £1bn, calculated in historic as opposed to today's prices. It is also offering £200m in some form of equity, likely to be a convertible debenture.

Eurotunnel has 206 banks which have provided a £6.8bn banking facility, of which more than £4bn has been drawn. They are led by four agent banks, National Westminster and Midland of the UK and Banque Nationale de Paris and Credit Lyonnais of France, which are planning to meet on Monday.

Right direction: US troops from the 10th mountain division restore a street sign in Florida City, south of Miami, during their clean-up operation in the wake of Hurricane Andrew

Italy acts to protect lira

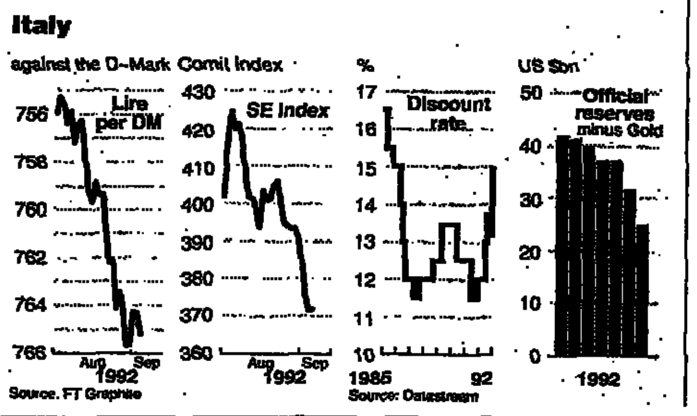
Continued from Page 1

ing to market dealers, bought L13bn at yesterday's midday currency fixing.

By drawing on EMS credit facilities, the Bank of Italy appears anxious to remind the Bundesbank in particular that the weakness of the lira does not have repercussions only for Italy.

The Bundesbank's purchases of lira, as well as its loans of D-Marks to the Italian central bank, can indirectly lead to an expansion of German banking liquidity, counteracting the Bundesbank's efforts to hold down rapidly rising monetary growth.

Italy



Source: FT Graphite
Source: Datastream

Patten

Continued from Page 1

that he had been surprised by the report and had no intention of using it as a cover to promote a further shake-up in the nations classrooms.

Mr Patten emphasised that the criticisms had not been directed at pupils or teachers but at the boards responsible for setting and marking the examinations.

He said the aim was to improve the present all-ability test rather than seek a return to O-levels and added: "I certainly hope that we can make a single examination work."

It is understood this view is shared by Mr John Major, the prime minister, a keen supporter of an examination for 15 and 16-year-olds which recognises achievement at all academic levels.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Goldschmidt	880	+	10
Hochtief	948	+	11
Holzmann Ph	838	+	10
Lahmeyer	620	+	29
Falls			
Asko	655	–	5
Leifheit	425	–	5

New York ($)

Rises			
Banc One	43⅞	+	¼
Chemical Bk	33¼	+	½
Merck	49	+	¾
Morgan (JP)	60⅜	+	¾
Falls			
Amerada Hess	47⅝	–	1⅛
USX-Marathon	18⅛	–	⅜

New York prices at 12.30pm

Paris (FFrs)

Rises			
AGF	398	+	15
Gaumont	450	+	17
Falls			
Accor	550	–	14
Carrefour	2300	–	179
Euro RSCG	563	–	11
Peugeot	582	–	27

Tokyo (Yen)

Rises			
Crown	686	+	100
Japan Sec Fin	1230	+	220
Miyairi Valve	333	+	45
Wako Secs	598	+	78
Falls			
Isetan	2310	–	190
Nagasakiya	1290	–	120

London (Pence)

Rises			
Andrews Sykes	130	+	5
Aviva Petroleum	44	+	4
Cupid	78	+	10
Holmes & Marchant	14	+	1½
Northern Foods	227	+	10
Pearna	155	+	7
Sterling Publishing	61	+	6
Trade Indemnity	39	+	7
Falls			
ABI Leisure	38	–	9
Arjo Wiggins	197	–	9
BM	81	–	8
British Aerospace	213	–	12
Clarke Foods	69	–	14
Dalgety	384	–	12
English China Clays	462	–	21
Enterprise Oil	310	–	10
London Intl	175	–	9
MEPC	232	–	6
Norex	67	–	23
Perry	113	–	8
Rolls-Royce	123	–	5
TSB	124½	–	7½
Trafalgar House	43½	–	4½
Whessoe	219	–	14

World Weather

UK Today: After a dry, bright and cold start, rain will reach south-west England, Wales and Northern Ireland in the morning, spreading north-east accompanied by extensive hill and coastal fog.

		°C	°F																
				Cairo	S	34	93	Inverness	C	12	54	Milan	S	25	77	Salzburg	R	13	55
Ajaccio	F	23	73	Cape Town	C	15	59	Isle of Man	F	13	55	Montreal †	C	14	57	S'Francisco †	S	14	57
Algiers	S	29	84	Cardiff	F	14	57	Istanbul	S	28	82	Moscow	C	15	59	Seoul	F	29	84
Amsterdam	R	12	54	Chicago †	S	11	52	Jersey	S	15	59	Munich	R	10	50	Singapore	F	28	82
Athens	S	30	86	Cologne	R	10	50	Johannesburg	S	26	79	Nairobi	C	21	70	Stockholm	F	16	61
Bahrain	S	35	95	Copenhagen	F	14	57	Las Palmas	S	25	77	Naples	C	26	79	Strasbourg	F	13	55
Barcelona	S	26	79	Corfu	S	30	86	Leeds	S	15	59	Nassau		–	–	Sydney	F	18	64
Beijing	C	31	88	Dallas †	C	21	70	Lisbon	S	27	81	Newcastle	S	15	59	Tangier	S	31	88
Belfast	F	11	52	Dublin	R	13	55	Locarno	R	9	48	New Delhi	F	32	90	Tel Aviv	S	33	91
Belgrade	S	29	84	Dubrovnik		–	–	London	F	14	57	New York †	S	23	73	Tenerife	S	27	81
Berlin	F	14	57	Edinburgh	S	14	57	Los Angeles †	S	16	61	Nice	S	28	82	Tokyo	F	35	95
Biarritz	C	18	64	Faro	S	29	84	Luxembourg	C	10	50	Nicosia	S	36	97	Toronto †	S	12	54
Birmingham	R	13	55	Florence	C	25	77	Madeira	S	25	77	Oporto	S	23	73	Tunis	F	32	90
Blackpool	F	14	57	Frankfurt	R	12	54	Madrid	S	28	82	Oslo	R	11	52	Valencia	S	29	84
Bombay	F	29	84	Geneva	F	14	57	Majorca	S	27	81	Paris	F	15	59	Vancouver †	C	14	57
Bordeaux	F	18	64	Gibraltar	S	22	72	Malaga	S	24	75	Perth	C	16	61	Venice	F	25	77
Boulogne	F	14	57	Glasgow	S	14	57	Malta	S	28	82	Prague	F	18	64	Vienna	R	14	57
Bristol	F	15	59	Guernsey	F	14	57	Manchester	C	13	55	Reykjavik	R	6	43	Warsaw	C	16	61
Brussels	F	13	55	Helsinki	F	16	61	Melbourne	F	12	54	Rhodes	S	29	84	Washington †	F	22	72
Budapest	F	23	73	Hong Kong	F	33	91	Mexico City		–	–	Rio d'Janeiro		–	–	Wellington	F	8	46
Buenos Aires		–	–	Innsbruck	R	12	54	Miami †	C	27	81	Rome	S	27	81	Zurich	F	12	54

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

Weekend FT

SECTION II — Weekend September 5 / September 6 1992

Guns and drugs: Estonia's growth industries

Pelle Noreth meets smugglers, KGB soldiers and CIA agents in Tallinn

THE trooper shoves a machine-gun in my stomach and bawls: "Dokumenti!" There is no need to be a linguist to know what he means. He and about five colleagues, all in riot gear, have burst into the restaurant where I am eating with an English friend, alighting on us as potential smugglers. Neither of us, alas, has his passport but we don't look hard or crazy enough to risk our lives by swallowing pure heroin tied up in condoms. The soldier lowers his gun, grunts and bounds off with his men to intimidate the only other guests in the restaurant, a young couple frozen in mid-smooch.

Another evening, another place. It is Sunday 10pm at the Viru Hotel restaurant, one of Tallinn's better establishments. There are few guests since Estonians, like the Swiss, go to bed early so they can rise with the sun and put in a good day's work. Even the DJs, who have been playing a curious mix of Abba and Elton John, have gone home. The only activity comes from a table by a window offering a view of the snow-covered city below. The guests seem to be enjoying themselves in a most un-Estonian fashion. There are about six of them, all male, sitting around a table which looks like a battlefield, the history of their four-course meal smeared on the white table cloth. They are surrounded by empty bottles of Russian champagne and a bottle, half-empty, of Armenian brandy. A pall of smoke hangs over the table and the pungent whiff of Caucasian tobacco fills the air. The men are in a boisterous mood, slapping each other's backs and toasting each other loudly. The contrast to the gaunt and frosty Estonian waiters in black tuxedos serving them could not be greater.

These are the smugglers – never Estonian, frequently from central Asia, nearly always rich – whom the Estonian KGB were so desperate to catch.

They are the kings in Estonia's fastest-growing business, toasting each other's latest deals, which often involve weapons and drugs, though sometimes it is as innocuous as caviar. Last year, 400 tons of heroin found their way to the West from central Asia. Much of it through Tallinn, Estonia's capital, and from there by ship to Helsinki, 50 miles away across the Gulf of Finland. From there sea and air connections can be made all over the world.

"Estonia is a favoured smuggling channel for a variety of reasons," says Tarmu Tammerk, an Estonian journalist. "A lot of them have to do with independence. It is a new country. All the institutions that guard borders in other countries have to be set up from scratch."

Four fifths of the heroin consumed in Europe comes from central Asia, according to Dagmar Thomas-Halasek of the United Nations Drug Control Programme. The heroin used to come from central Asia through Turkey, across Bulgaria and then through Yugoslavia.

But the conflict there has forced the smugglers to take a more northerly route through Estonia, Latvia or Lithuania. These countries are ideal places for drugs smugglers to launder their profits. Their banks, newly set up, badly need hard currency for start-up capital and, unlike Western banks, are unlikely to ask any questions.

"They need capital and will take it wherever it comes from," says Joel Jutkowitz, a drug expert. "And, if you're in the drug business, what better way to launder your money?"

Who can stop it? When Estonia became independent it had no armed forces, let alone border guards. Ants Laaneots, the newly appointed chief-of-staff, faces an enormous task in setting up a fledgling army. Barracks, equipment, trained officers and above all recruits are in short supply because there is no draft law.

■ ■ ■

The drugs trail starts in poppy fields in the mountainous central Asian republics of Tajikstan, Uzbekistan or Kirghizia. The opium is refined on the spot into heroin, which is easier to smuggle. Almost a third of the world's poppies are grown there, and small farmers are eagerly planting more. Unlike wheat, opium is not bought cheaply by the state nor does it rot in railway sidings.

Drugs running is a labour intensive and dangerous industry. Human "mules" carry the heroin in condoms in their stomachs or in false-bottomed suitcases to Estonia. Drugs smuggling is a capital offence in the former Soviet Union.

The drugs are moved by rail or by air, sometimes both, in a journey which crosses 5,000 km, four time zones and three or four former-Soviet republics, depending on the route. There are no borders except between Estonia and Russia. The Russians do not bother to check the border traffic. The Estonian border guards are young, inexperienced, outnumbered and outgunned. They have no mines, pill boxes or armour to stop more determined smugglers. It is said that the secret services of the ex-Communist countries are on the payroll of the heroin kings, using their contacts and skills to outwit Western drug squads.

The smugglers spend the profits on sophisticated weapons such as the American Stinger anti-aircraft missile which costs $100,000. The weapons are used in ethnic feuds, supressed during communism but which have resurfaced with independence. Fighting has been raging in Tajikstan. It could break out in Uzbekistan at any moment. Any money left over is spent on whisky, TV sets, videotapes and other goodies to be enjoyed by tribal leaders in private.

The central Asian republics have a tradition of criminal secret societies, sometimes promoted by their governments. In the 1970s the bosses of Uzbekistan pocketed millions of roubles from Moscow by pretending to grow cotton that did not exist.

■ ■ ■

It was an ice-cold February morning. A freezing wind swept in from the Baltic. Jaan Tooming, a customs officer, turned up his collar, looked east and sighed: another blue day, four hours of twilight during which the sun barely rose above the horizon. He inspected his first shipment. According to the label, the crates contained 7,500 sports rifles destined for the Isle of Man. When he opened the crates he found row upon row of tightly-packed, brand new Makarov machine pistols, 15,000 in all.

The weapons are standard issue Warsaw Pact weapons which would turn ducks into feathered mulch. Three days later a similar haul of 25,000 guns, with the same destination, was made in Helsinki, same end destination. The directors of the Isle of Man company were a mysterious Russian couple who operated from Yaroslavl, a city north of Moscow. They said the merchandise had been swapped at the factory where both guns are made. By whom? The couple refused to say or did not know. According to James Short, a British security expert, the Isle of Man company is a conduit for the IRA.

The smuggled arms follow a different route from the drugs, often coming from the "enemy within", the 22,000 former-Soviet army troops still stationed in Estonia. Soldiers sell their personal equipment: Kalashnikov rifles, hand-held rocket launchers and hand grenades. Smugglers pay $500 (£251.20) for a Kalashnikov which will, at current exchange rates, pay a conscript's wages for three years - longer than his entire draft period. The soldiers' superiors approve. "Troops ought to sell army property and material. It's the only way they can survive," the leader of an Officers' Council (a disciplinary body) told the Russian newspaper *SM Sevodnya*.

The former Soviet army, which consists mostly of Russians, has reluctantly promised to leave within two years what is considered a cushy posting. And not before time, according to Laaneots: "We are still an occupied nation."

"This is the tip of the arms-trafficking iceberg," Clyde Kull, who functions as Estonia's Mr Soundbite abroad, told NATO's foreign ministers in April. He asked for infra red detectors, light arms and patrol boats to stop Estonia from becoming a channel for "arms, drugs and strategic weapons".

"If one arms cache heading for the IRA was discovered," Kull said, "the number that have slipped through unnoticed can only be guessed at." Yet only Sweden - which is not even a member of NATO – has responded so far, giving Estonia a dozen or so coastal patrol boats. Britain and most of the NATO countries on Estonia's doorstep have done nothing.

But the US, as I found out, is watching the country as closely as it did before the Second World War when Tallinn was a spies' den and a listening post on the Soviet Union.

Gerald was fortyish, with a flat Slavic nose and a boxer's lip. He was the proud possessor of the only tan I saw in wintry Estonia. He said he was a visiting US businessman who was so "wowed" by my article for the local English-language paper, *The Baltic Independent*, on the illegal arms trade that he had to take its author out to lunch. He got straight to the point.

"How much do you know about the arms trade?" he asked, which I thought was an odd question from some one who claimed to export Estonian birch-tree water to the US for its homeopathic qualities. Loosened up by expensive French wine, I ditched all my journalistic integrity and told him everything - including who my sources were.

"AFP – can you clarify that. Is that a code name?" he asked, looking excited.

"No that's Agence France Presse. The wire service," I replied.

"Oh," he said, his interest in me waning fast.

"Listen," he said as he paid the bill with a stack of crisp dollars. "Here's my fax number in the United States. If you get any more information – hot information – on arms why don't you just get over to that little fax for yours and send it me. You will be compensated financially for it, of course."

Back in England I checked the number.

"Langley, Virginia," the US operator chirped. "Yes sir, that's where CIA headquarters are located."

Well, here you are Gerald. Hope your bosses like it.

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The Weekend FT's regular fashion page starts with a look at where Europe's elite men shop .... Page VII

Long View / **Barry Riley**

Rewards of playing safe

TAKE LESS risk and earn a higher return? It is not in the *textbooks*. If the opportunity *does* occur for an extended period it is a sign that something is badly wrong.

Just a year ago sterling interest rates fell by half a percentage point to 10¼ per cent, which at the time seemingly represented just another step in a long decline. But base rates have managed only another half-point fall in the past 12 months, amid post-election euphoria. They have recently appeared more likely to rise than to fall further, though the market's immediate fears were soothed by Thursday's move to shore up sterling by borrowing DM20bn.

The phase of continuous double-digit sterling interest rates now goes back more than four years. It has been a wonderful period for cautious depositors in bank and building society accounts who even now are receiving something like 7 per cent net of standard rate tax. In fact, it is often better at present to invest in money funds that are plugged more directly into money market rates. But even though the High Street deposit rates may have dropped a little over the past year, the rate of inflation has fallen by more, from 5.5 to 3.7 per cent, so the real rate of interest has actually gone up. This is not what is supposed to happen in recessions, when money ought to become cheap. We have broken the textbook rules again.

There is a colossal distortion of the financial system. Interest rates are being held high in order to suppress inflation and prop up the sterling exchange rate. One consequence is that the reward for risk has disappeared.

According to the magazine *Money Management* £1,000 invested in a Halifax account over the past five years would have rolled up to £1,490 today, for a standard rate taxpayer. In 1987 pounds that is only £1,090 but it still represents a positive real return. However, £1,000 committed to the average unit trust would have shrunk to £914 (£670 in terms of the original money).

Now, you can argue that such sums based on share prices just before the 1987 crash are freakish. Moreover the high costs of unit trusts have distorted the comparison. If you had invested directly in the stock market, on the basis of the All-Share Index, and you ignored costs but allowed for standard rate tax on dividends, £1,000 five years ago might be worth £1,070 today. Still better, suppose you shrewdly waited to invest until after the crash. £1,000 in November 1987 might now have grown to perhaps £1,375. No wonder the unit trust marketing men are waiting eagerly until the effect of the crash drops out of their five-year performance figures. But this still does not beat the risk-free deposit performance. Nor does it show up very well against government securities. Over the past five years £1,000 invested in long-dated gilt-edged (again, ignoring costs) would have accumulated to some £1,400. This is in stark contrast to the historical pattern: over the past 75 years or so, pre-tax returns on equities have exceeded those on gilts by 6 per cent a year on average.

There need be no mystery about the strange trends in the investment markets. High interest rates have supported the sterling exchange rate, which has reduced the returns from overseas investment. Domestically, profitability has been suppressed so that dividend growth has not only slowed down but is now going into reverse.

Those depositors are sitting pretty in all this. But all around us we can see the damage that is being done. Depositors are being paid more than most borrowers can possibly afford, especially when the beleaguered banks are trying to jack up their margins. Businesses by the thousand are being bankrupted. Between 1m and 1.5m home buyers, mostly young, are technically insolvent with "negative equity". A clash of the generations is looming. The "woopies", the well-off older people who traded down in the housing market in the late 1980s and banked the net proceeds are enjoying a double payoff, with an income bonus to add to their capital windfall. But no nation can expect to lure its young people into financial ruin and get away with it.

Double-digit interest rates have persisted in the UK for more than four years now, ever since Nigel Lawson, in the early summer of 1988, realised that he had problems more serious than a tendency for sterling to rise above DM3. But while high interest rates can provide valuable short-term shock treatment, as a long-term therapy for an over-indebted economy they are ultimately destructive. They must lead to a collapse of asset values and the failure of the financial system.

The precise timing of any change of approach may depend on external factors such as the French referendum on Maastricht and the ups and downs of German interest rates. But a sharp and sudden policy reversal is inevitable in due course. The British Government will come to regret its decision to enter the ERM without applying direct measures to force an almost immediate pay and price adjustment, and without a strategy for controlling the inevitable shakeout in the property market. This week Norman Lamont has again failed to intervene in the domestic economy and has relied on rigging the exchange rate.

As for investors, they can begin to anticipate the return of conditions in which risk is once again rewarded. But the government can continue to buy time if it is unconcerned about the cost; and the past couple of months have shown that bad investment timing can be punished severely.

For the moment, if you have a comfortable nest-egg returning 10 per cent gross you may reckon that the Bundesbank is still your friend. UK inflation, you may calculate, could be no more than 2½ per cent over the next 12 months. Enjoy your good fortune so long as it lasts.

London

Stiff upper lip from Italy, not Britain

By Peter Martin, Financial Editor

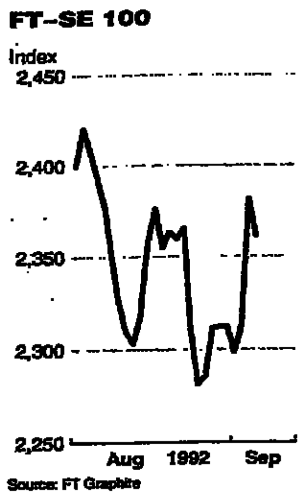
ITALY and Britain, both in currency trouble, reacted quite differently this week. One government went for the flashy, but perhaps ultimately empty, gesture. The other gritted its teeth, showed what it was made of, bit the bullet, and all those other public-school clichés.

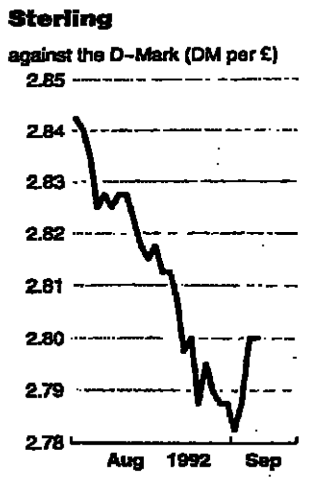
The country whose actions this week displayed operatic flourishes, is, of course, Britain; the one that displayed a dogged determination traditionally associated with John Bull is Italy.

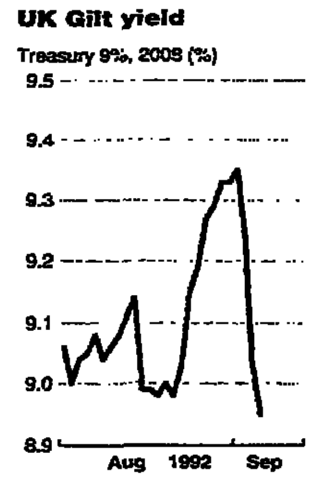
In the short term, there was no doubt which gesture impressed the markets more. Britain's decision to raise Ecu 10bn in loans to defend the pound pushed share prices up and market interest rates down. Italy's decision to defend the lira in a different, more painful way – by raising official interest rates for the third time this summer – led to hectic selling in the Italian market in after-hours share trading, with the market as a whole down 2¼ per cent.

The announcement of the British borrowing came at 3pm on Thursday. That morning, the stock market had been moving upwards, anyway, as traders who had left themselves short of stock scrambled to cover themselves against a small burst of optimism about the British government's chances of avoiding an interest-rate rise. Then came the treasury statement. The pound jumped sharply, showing daylight above the ERM floor for the first time in weeks. Shares rose, too, with the FT-SE 100 index ending Thursday at 2381.9, up 38 points in 90 minutes.

The speed of the markets' reaction owed a lot to the way the treasury and the Bank of England caught them by surprise. In their dog-eared files on defending the pound, civil servants will have come across a pile of memoranda dating back to Stafford Cripps which emphasise the first rule of currency defence: kick speculators where it hurts, in their wallets.







Source: FT Graphite

That means catching them off-balance and driving sterling up sharply – a big enough move, carried out quickly enough to inflict real pain on anyone whose positions reflected an expectation of a weaker pound.

In that, the authorities were eminently successful. They have probably re-established themselves as a credible threat – and that alone is sufficient to give sterling an element of protection in the two weeks before the French referendum.

Italy faced a more difficult challenge. As one European observer of the currency markets put it: "The polls show that there is a 50 per cent probability of a No vote in the French referendum. Since Italy will certainly have to devalue if the French vote No, that means there is a 50 per cent probability of a lira devaluation in three weeks' time.

"If you calculate the interest rates required to compensate for that risk, the numbers get pretty hairy. There has never, that I can remember, been such a high probability of a devaluation at a defined date."

Italy's difficulties, reflected in Friday's interest-rate rise, hang over the London markets, too. Higher Italian interest rates were one of the factors that led to a partial reversal of Thursday's rise in Friday's share trading. Unexpectedly awful US employment figures, raising the strong possibility of a further easing of US interest rates, also helped to weaken the pound and the stock market. Sterling closed the day unchanged at DM 2.80, down two pfennigs from its high and the same distance from the ERM floor. The FT-SE index closed at 2362.2, down 19.7 on the day and up 49.6 on the week.

Lower US interest rates will increase the temptation to move out of dollars and into D-Marks, pushing up the German currency within the ERM and making life still more difficult for the currencies at the bottom of the system.

By Friday, the immediate fears of a rise in UK interest rates had eased – three-month money, at 10$\frac{5}{16}$, is only a quarter-point or so higher than base rates – but the treasury's Thursday coup had left at least some observers unimpressed.

If sterling again were to come under ERM pressure, say the economists at S.G. Warburg, with most of the plausible shots in the Bank of England's armoury now fired, it would be "increasingly difficult to see any alternative but higher UK rates."

A similar pessimism can be detected in a striking volte-face at Goldman Sachs: at the beginning of August, its European strategists put the UK top of their list of equity markets to buy in Europe; by September, with share prices 4 per cent cheaper, the UK had dropped to seventh place in a list of nine.

Meanwhile, back in the real world, a flood of companies have been reporting their interim results. Overall, the numbers reflect a further worsening from an already depressed period of earnings last year. But manufacturing companies – doing better than their depressed cousins in the service and financial sectors – are starting to show an improvement in profits, and dividends are also holding up. This week, for example, Reckitt & Colman announced a 5 per cent rise in interim pre-tax profits. Similarly, Burmah Castrol's profits gained 17 per cent, Cookson 100 per cent, T&N 71 per cent, Bowater 19 per cent and Laird 43 per cent.

One trend in the results has been the impact of the weak dollar on companies with big US operations or competition from companies in dollar-linked economies, such those in the Far East. However, companies which have been dollar borrowers are chalking up double gains: not only are US interest rates now at bargain-basement levels, but every dollar of debt service now costs a fifth less in sterling terms than it did in the summer of 1991. Hanson, Bowater and Fisons – companies famous for their knack of borrowing in dollars and depositing cash in sterling – must be watching the currency markets' antics with an indulgent smile.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2362.2	+49.6	2737.8	2281.0	Sterling defence loan
Arjo Wiggins	197	-13½	290	197	Stock overhanging market
British Aerospace	213	+15	379	178	Big order hopes
Burmah Castrol	571	+21	667	460	Excellent interim results
Enterprise Oil	310	-38	458	309	Hoare Govett places 9.6m shares
Glaxo	749	+27	943	632	Good news on Zofran
IMI	245	+13	306	210	Recovery
Ladbroke	150	+9	267	126	Increased dividend
P & O Defd	351	+31	555	301	Squeeze & strong market
Persimmon	158	-15	327	146	Steep fall in profits
Rolls-Royce	123	-12	176	121	Disappointing reports
Sun Alliance	252	+26	335½	214	Better-than-expected Int figs
T & N	138	+17	172	98	71% profits jump
Tarmac	58	-11	161	55	Kleinwort downgrade
Wimpey (G)	79	-18	189	78	Int loss forecast/div threat

Serious Money

Banks put their faith in apathy

By Philip Coggan, Personal Finance Editor

SCENE: a bank manager's office. A customer enters and sits opposite the manager and his assistant, who is taking notes. The customer begins to speak.

"I'd like a new type of account, please."

"Certainly, sir. What would you like?"

"An account where I give you lots of money and you hit me with a charge every time I try to claim my money back. In return, I want you to pay me a minimal rate of interest."

"Minimal?" the assistant asks, incredulously.

"Yes" says the customer, with a superior smile. "You spell that with two Ms."

"How much interest?" asks the manager.

"Oh, only 1 per cent."

"Right away, sir."

Surreptitiously, men in white coats have crept into the office and start to carry the customer away.

"And I want to pay 30 per cent interest if I go into overdraft," he shouts, "You can't turn me down. I'm the Emperor Napoleon . . ."

■■■

That scene will doubtless be repeated in thousands of banks up and down the country as customers embrace the prospect of paying charges on their accounts – even when in credit.

Of course, it might not happen. The banks may have been indulging in the time-honoured political tradition of kite-flying. If a minister plans a potentially controversial change in policy, the tactic is to leak to a newspaper that such a move is being "considered." If the story passes without comment, it is safe to go ahead. But if armed gangs march on Whitehall, the minister can drop the change with only a minimal loss of face.

Plenty of angry words have been directed at the banks over the past few days. Whether any of it will translate into action is another matter. Britons are notoriously lethargic about changing their bank accounts – something which the banks know only too well.

Indeed, you could argue that most customers are mad not to have moved their accounts away from the Big Four already. The rates of interest available on current accounts have dwindled to paltry levels and can be beaten easily elsewhere (as David Barchard shows on the opposite page).

The problem is that changing accounts involves a lot of hassle. Every standing order and every direct debit must be altered. Your employer must be told to pay your salary into the new account. And if the whole process does not go smoothly you can get into a dreadful mess, with angry unpaid creditors, or an overdraft, or both.

But if you really want to avoid paying charges, and you do not want to change your account, you might be able to avoid all the aggravation by sending just one letter. Write to your local branch manager and tell him that you will move your account *if* the bank imposes charges when you are in credit.

Despite all the sound and fury of the past few days, this is not a moral issue – just a financial one. Banks are there to make a profit; and if they cannot earn money from business lending (because of bad debts), share trading (because of low volumes) or mortgage lending (because of the state of the housing market), it is only natural that they will seek to take their profits from their account-holders.

That is the nature of capitalism. It is a strange nation that keeps re-electing Conservative governments time after time, yet fails to understand the profit principle.

So, the customer merely has to work the levers of the capitalist system. If enough people threaten to withdraw their accounts, the banks will not risk making the change – for the good reason that it will not be profitable.

Some would argue that the moral case against the banks is that they are planning to introduce charges as a group. It is always possible to see plots everywhere, but one suspects that the most important factor in this instance is the fear of being first. As soon as one moves, the others will feel it is safe to follow (just as others were quick to copy the first bank which paid interest on current accounts). Is this a cartel or a form of what economists call a "perfectly competitive" market?

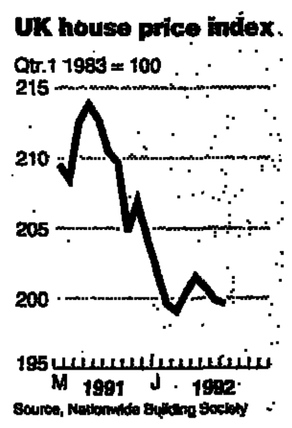
Take credit cards. Lloyds was the first to levy an annual charge; eventually, the other Big Four clearers followed its example. But it is still possible to own a card that does not charge a fee – most consumers are too apathetic to make the effort of getting one, perhaps because most fees are relatively small.

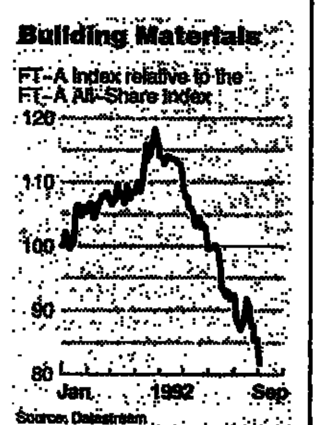
Indeed, the card issue is an appropriate precedent for the account-charging issue. Initially, most people were slow in paying off their balances and, thus, ended up paying the (fairly hefty) interest rates to the issuers. Eventually, however, smart consumers realised they could get free credit by paying off their balances in full every month.

As a result, the banks' profits fell and they started to argue that the indebted customers were subsidising the early payers. Hence, the introduction of the annual fee.

A cynic might see this as merely the Darwinian system of the capitalist jungle in action – a never-ending battle between the predators (the industry) and the prey (the customer), with each evolving strategies that frustrate the other. Sadly, lethargy is no longer an option; the price of free banking is eternal vigilance.

AT A GLANCE





House prices fall again

House prices fell again in August according to the Nationwide and Halifax price indices this week. Nationwide recorded a 0.2 per cent fall in prices compared to the previous month, while Halifax found a 0.7 per cent fall. UK house prices have fallen by over 5 per cent over the 12 months to August, according to both indices.

Tim Melville-Ross, Nationwide's chief executive, said concern about the economy was continuing to depress the market. The reintroduction last month of stamp duty would "act as a further brake on the market in the short term," he said. Halifax also had a gloomy prognosis, foreseeing no upturn in the market this year and only muted recovery next, unless the economy recovers.

Building materials gloom

It is not difficult to see why the Building Materials sector has had a tough year. With the property market in its current straitened circumstances, analysts and marketmakers have been very nervous about investing. There are also concerns about over-capacity and falling prices, although analysts believe that volumes have held up surprisingly well. Over the year to Thursday of this week, the FT-Actuaries Building Materials Index had fallen by 23.26 per cent; the Property sector by comparison, had dropped by 36.64 per cent.

Power shares payment due

Final payment for regional electricity company shares, at 70p per share, is due next week. Payment is not due until 3.00pm on Tuesday, September 15, but to allow time for cheques to clear they must arrive no later than Thursday, September 10. Each of the three banks acting as registrars for the shares has a helpline telephone service. They are as follows: Barclays, for Manweb and South Wales Electricity (071-329-6732); National Westminster, for Eastern, Midlands, South Western and Yorkshire Electricity (0272-465522); and Lloyds, for all the other distribution companies, and for package units (021-433-4466).

Cazenove's US offering

Cazenove Unit Trust Managers is offering a protected investment in the US stock market. Investors who place a minimum of £2,500 in Cazenove's American Portfolio fund will be protected against a fall or more than 10 per cent in the Standard & Poor's 500 Index in the period to August 1, 1993. If the index falls by more than 10 per cent, Cazenove will refund the difference. The management charges on the trust are 5 per cent initial and 1 per cent annual.

Revenue leaflet for school leavers

The Inland Revenue has published a leaflet for school-leavers on how the tax system works and how they will be taxed on their income. *Income tax and school leavers* is available from local tax offices or Public Enquiry Room, West Wing, Somerset House, London WC2R 1LB.

Small company shares fall

Small company shares fell yet again this week – but at least the decline slowed. The County Small Companies Index fell 0.2 per cent to 797.46 over the seven days to August 3; the Hoare Govett Index (capital gains version) dropped only 0.02 per cent to 1004.6 over the same period.

Wall Street

'Ugly' job figures spread gloom all over

JUST WHEN they thought it could not get any worse, it did. Yesterday's employment report for August stunned everyone.

Those affected included President Bush, for whom the figures were very bad news indeed; the Federal Reserve, which had hoped it could get through the year without another interest rate cut; and Wall Street, which had been anticipating some rare good tidings on jobs all week.

The August employment numbers were described by one analyst as "ugly." Non-farm payrolls, which had been expected to rise by between 150,000 and 200,000, actually fell 83,000.

Even that decline did not tell the whole story. The figures would have been worse had it not been for a federally-funded summer jobs programme which boosted payrolls temporarily by 100,000.

A closer look provided even more gloom.

Employment in manufacturing industry fell by 97,000 and the number of jobs in the goods-producing sector by 108,000, an indication that industrial production went into sharp decline in August.

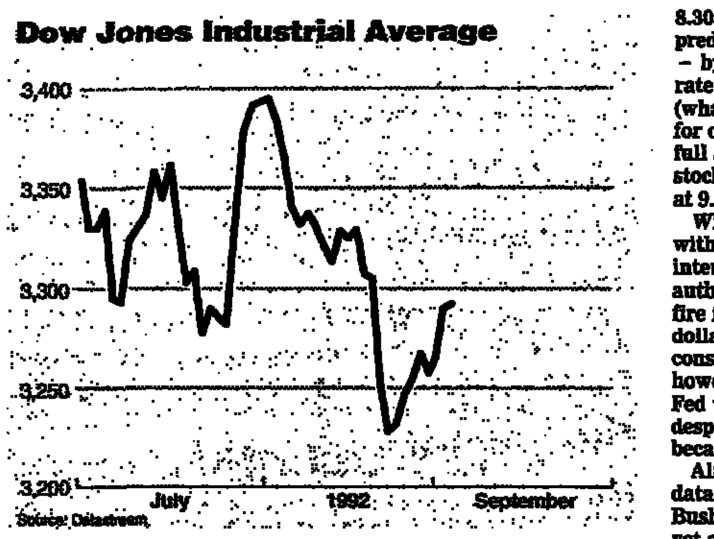
There was no comfort to be gained from the modest fall in the civilian unemployment rate, which dipped from 7.7 per cent to 7.6 per cent last month.

Analysts said the decline was due to more people being discouraged about their employment chances and, therefore, not looking actively for work. Anyone who stops looking for work comes off the unemployment register immediately.

So, how did the markets react? The bad news delighted fixed-income investors, as it always does.

The benchmark 30-year government bond jumped more than a point yesterday morning, pushing the yield down to 7.26 per cent. There was an equally sharp fall in short-term yields.

Shares showed little initial reaction, due partly to many stock market traders having taken the day off to extend the long Labor Day weekend. In the event, the Dow Jones Industrial Average traded only a few points lower during the morning session, a muted response which probably disguised a tug-of-war between two opposing forces: renewed pessimism about the outlook for the economy, but fresh optimism about the the chances for another cut in interest rates.



Any optimism about interest rate cuts was tempered, however, by the reaction of the foreign exchange markets.

The dollar dropped more than two pfennigs to below DM1.40 as currency dealers anticipated that the Fed would respond to the jobs situation by easing policy, widening further the already large gap between US and German interest rates.

But Wall Street was not convinced entirely that interest rates would fall. After the jobs data was released at 8.30am, many analysts predicted the Fed would ease – by lowering the discount rate and the federal funds rate (what banks charge each other for overnight loans) – by a full 50 basis points before the stock market began trading at 9.30.

When that deadline passed without action, speculation intensified that the monetary authorities were holding their fire for fear of sending the dollar into free-fall. The consensus on Wall Street, however, remained that the Fed would cut rates again, despite the vulnerable dollar, because of political pressures.

Almost as soon as the jobs data had been released, the Bush administration stressed yet again that the economy, not the dollar, should be the primary focus of monetary policy.

The White House position is that a weak dollar is not necessarily a bad thing because it boosts export sales by lowering the cost of US goods to overseas buyers.

In the end, the Fed did ease policy late yesterday morning by adding reserves to the banking system to lower the federal funds rate from its present target of 3¼ per cent to 3 per cent. Lowering the funds rate by a quarter of a point was regarded as the least the Fed could do without triggering a collapse in the dollar.

Although the Fed's actions helped to stem the dollar's slide, they failed to lift stock market sentiment, which had been looking for a fully-fledged discount rate cut of at least 50 basis points.

If the Fed continues to resist a more substantial policy ease, equity investors face a potentially difficult autumn.

Sustained improvements in corporate profitability should provide some momentum for stock prices, but a continued lack of economic growth and a likely increase in political uncertainty as election day nears could make it an uncomfortable ride.

Patrick Harverson

Monday	3257.35	– 10.26
Tuesday	3266.26	+ 8.91
Wednesday	3290.31	+ 24.05
Thursday	3292.2	+ 1.89
Friday		

The Bottom Line

Old dog with a zest for life

A ROLL CALL of Reckitt & Colman's brands sounds like a recitation of the shopping lists of consumers all around the world. Many of the names would have been on the lists of housewives in former generations – Woolite detergent, Robin starch, Colman's mustard, Robinson's barley water. Others – like Down to Earth in the UK, Maison Verte in France and Casa Verde in Spain – are newcomers to the supermarket shelves.

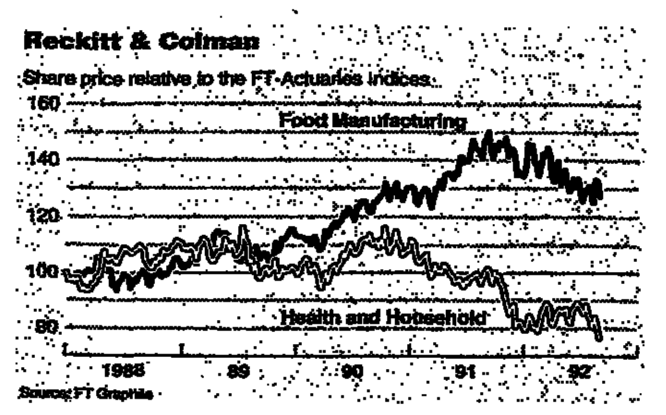
None of the group's leading brands costs more than a few pounds and all are, more or less, daily necessities. As such, Reckitt's looks a safe bet in a recession. And, on Thursday, the company proved its merits with half-year profits ahead, if not by much, and trading margins higher yet again. Pre-tax profits were £134.2m (£127.6m) and trading margins 16.2 per cent (14.8 per cent).

Few companies supplying the volume-driven supermarkets have been able to increase their own margins in the present hostile trading climate. And even selling into 120 different countries around the world, most of Reckitt's important markets are in recession.

So, the margin improvement is creditable, although much of it came from the disposal of lower-margin businesses such as its US spice and seasoning subsidiary and its South African food activities.

Underneath the bushel of what look fairly unexciting figures, however, Reckitt is hiding a light. The group has pursued productivity and efficiency gains ruthlessly, more than offsetting a rise in marketing costs. These costs have been increasing as a proportion of sales for some years now and Vernon Sankey, the chief executive, says the group aims to continue heavy investment in its brands to keep up their profiles and push their market shares forward.

But he reckons this heavy investment can be financed from ever greater efficiencies.



The secret to making those, says finance director Iain Dobbie, is never to think you have finished.

The group has, for example, been re-organising its European manufacturing activities. Rather than make the range of products in factories throughout the Continent, the aim has been to focus production of one group of products in one place. This has already produced savings and more are expected.

The strategy of investing in existing brands, adding new ones in the same categories, or extending ranges (such as adding Dettox disinfectant cleaner to the Dettol antiseptic range) or launching established brands in new countries (like the launch of Lemsip, the cold treatment, in Australia) is a change from the one the company pursued in the 1980s.

Sankey explains that, in the past decade, the group's plan was to make acquisitions which gave it critical mass in its chosen product and geographical areas. These deals included the £165m purchase of Airwick, the air fresheners' business, in 1984; the acquisition of Durkee Famous Foods for £80m in 1986; and, most importantly, the $1.25bn purchase of Boyle-Midway of the US in 1990.

A number of disposals have been made recently, bringing in more than £150m in cash; and at the time of the Boyle-Midway deal, the group raised £200m through an issue of convertible capital bonds (which are regarded as equity since there is no facility for redemption in cash only through conversion to shares).

Even so, the level of debt – which was £338m net at the end of 1991; 47 per cent of shareholders' funds – is still high. Gearing would look much worse but for the inclusion on the balance sheet of £587m worth of acquired brands.

But if the big acquisitions are a thing of the past, the group may now be able to cut borrowings through good cash generation. The high marketing costs are not capitalised, and the group does not revalue the brands in its balance sheet upwards.

Reckitt is unfortunate in being placed in the health and household sector, where most of the companies are big drug groups such as Glaxo and Wellcome. Were it included in the food manufacturing sector – like them, it sells most of its products to the food retailers – its performance would look better.

Maggie Urry

FINANCE AND THE FAMILY

Banks turn the screw

Will current accounts cost more? Scheherazade Daneshkhu reports

FOR MANY people, it could be the last straw. Fed up with unexpected charges on their statements or high overdraft fees, news that the Big Four banks – Midland, National Westminster, Lloyds and Barclays – and the TSB are thinking of ending most free banking, even for those in credit, could force depositors to think about an alternative home for their money.

The number of people with bank accounts has increased substantially in the past decade – 95 per cent of UK adults have a current account compared with 60 per cent 10 years ago. The British Banking Association says there were 53.5m current accounts at the end of December, 31.3m of them interest-bearing.

This proliferation of accounts coincided with the introduction of free banking, first by the building societies and then the banks.

This week, Midland chief executive Brian Pearse made clear what the banks were thinking. Referring to the 3m of the Midland's 4.5m current account-holders who do not pay charges, he declared: "Over time, hopefully, we'll persuade our customers you don't get anything for nothing."

This was particularly ironic since the Midland was the first of the Big Four to act in 1984 and abolish charges on customers every time they drew a cheque or made a cash withdrawal (although the Co-Operative bank had pioneered that route 10 years earlier).

Because of the recession, banks already have been taking measures to cut costs, mainly through reducing branches and cutting staff. (The NatWest, for example, has made nearly 500 employees redundant in London alone over the past two months).

They have also been quick to reduce the rate of interest paid on current accounts while increasing some existing charges. Later this month, for example, the NatWest will increase its quarterly charge on overdrafts from £16 to £19.

As the banks try to improve profitability, the idea of introducing a minimum balance on current accounts, or charging customers who have small balances but make heavy use of their accounts, is gaining ground. Many people, however, will not be convinced by the banks' argument that they cannot afford to run charge-free accounts any more.

After all, banks can invest their customers' money elsewhere. And they pay only between 0.75 per cent net (Lloyds) and 1.86 per cent net (Midland) in interest on a current account.

But they can charge as much as 37.4 per cent a year (Midland) for an unauthorised overdraft, while NatWest bills customers £20 for a letter telling them they have gone into the red. Of the Big Four, only Barclays does not charge for an overdraft letter.

The banks do incur heavy costs in maintaining their branch networks and in processing the billions of transactions their customers make each year.

At the moment, they say, the minority of overdrawn customers, or those with loans, are paying these costs and, effectively, subsidising the majority.

"We are conscious that there is an imbalance between the 80 per cent who pay no current account charges and those that are overdrawn," said an official for Barclays bank, which has 6.5m current account-holders. "Most current accounts are run at a great loss."

Charges for those in credit have begun already – but on savings, not current, accounts. In February the Halifax, Britain's biggest building society, introduced charges for those with less than £50 in their savings accounts, and for those with less than £250 who make more than two cash withdrawals over the counter a month.

The rationale was the same as the banks are employing today. The Halifax justified the move by saying: "It is only fair that where additional costs arise from customers who make high usage of certain services, that these customers should make a contribution towards those costs rather than spreading the expenses over all accounts.

"In general, savings accounts with very low balances and, in particular, those with frequent transactions, run at a loss to the society."

But these are not the only Halifax charges. For the past two years, its 3.6m Cardcash account customers have been paying 60p each time they use a cash machine which does not belong to the society. And, earlier this year, it began charging some Cardcash customers who keep less than £250 in their accounts.

The banks rule out an indiscriminate policy of charges for those in credit. Customers most at risk are those with a low balance in a very active account. "We would take into consideration the way the account was used, the real costs associated with it, and whether the customer was a heavy or light user of the account," said a Barclays' spokesman.

Charges could also be formulated in a way to discourage using cheques, which cost more to process compared with direct debits or cash machine withdrawals. "The physical shifting of paper is expensive," said a spokesman for Midland (which, before free banking, used to charge 28p for non-automated items and 15p for automated ones).

With this in mind, the Co-Op launched a Pathfinder account last year. This is a card-based account offering standing orders and direct debits – but no cheque book.

Alternatives to the Big Four

Institution: Current account	Net interest percent on £1	on £1,001	Arranged overdraft (% APR)
Britannia: React 365	1.38	4.03	18.3
Co-Op Bank: Ultra	0.75	1.50	31.4**
FirstDirect	2.63	2.81	20.7
Girobank: Keyway♣	1.50	3.19	19.5 EAR★
Northern Rock: Current♠	2.25	3.20	19.9
Robt Fleming/S&P Classic#	1.88	4.88	20.5
Woolwich: Current account	3.38	3.38	21.0
Yorkshire Bk:Paymaster PI	1.13	2.63	24.8

**Free £100 overdraft; **Free £250 overdraft for 3 days; ♣£400 minimum must be credited each month; ★EAR= Equivalent Annual Rate: add on £9 a month; ♠ £500 to open the account; #£1,000 to open the account*

So you want to move your money

But where? David Barchard examines the options

NOW THAT the Big Four high street banks have let it be known they are thinking seriously about ending free current-account banking for those in credit, what options do aggrieved customers have if they want to move their business?

When the charges are introduced – something that might well not happen for months, or even years – migrating to another bank might not be as easy as you think. When big banks in the US have introduced new charges, they have usually done so in a way which encourages good customers to stay and bad ones to move on. Knowing this, other banks have not always welcomed a flood of applicants.

If you are planning a move, this is probably a good time. But bear in mind that, as with credit card charges, there is little point in moving between the Big Four. The choice is between the high street giants and the smaller players.

The big banks have some undeniable advantages: they are very safe, with lots of branches and a wide range of services. Yet, a small bank often provides better service simply because it is smaller and staff know their customers better.

There could be a down-side, though. You might live a long way from its nearest branch and have to deal with it by post or telephone. That could be inconvenient when you want to pay money into your account or use the inter-bank giro system to make a payment from a branch. These days, the larger banks normally charge non-customers for using their services.

As far as withdrawing cash goes, size should not matter. If your new bank or building society has cash machines of its own, it will belong to one of the main UK cash machine networks such as Link (building societies, Co-op bank and Girobank) or Mint (Midland, National Westminster and TSB). You will also be able to withdraw money through almost any cash machine via the Visa network, although this incurs a 1.5 per cent handling fee).

Beyond that, you need to ask yourself if your banking needs make you a "fat cat" or a "church mouse."

■ **Do you need to go into overdraft sometimes?** If the answer is yes, think very carefully about where you place your account. Overdraft charges are almost the only way that banks and building societies make money from most of their cheque accounts so, effectively, you will be subsidising bank customers who stay in credit.

> *'The choice is between the high street giants and smaller players'*

You should be especially careful that you do not go into an unauthorised overdraft, even for a very short time. That means talking to your branch in advance and (although it is much less easy these days) negotiating a favourable rate from your manager. You should look for around 18 per cent.

There are considerable differences: the Co-op bank's Ultra account is among the star performers, with good interest rates for customers who stay in credit, but its 31 per cent for agreed overdrafts is punitive. It does, however, have the virtue of allowing you to overdraw by up to £250 for three days.

■ **Do you plan to keep some money in your account and earn interest on it?** You are the sort of customer the banks are looking for these days. But you will find that most interest-bearing cheque accounts do not earn you very much. Some of the clearers' accounts pay as little as 1.5 per cent gross on low balances.

Even if you plan to keep £500 or £1,000 in your account, the picture is not all that encouraging. Coutts and other up-market private banks have long expected customers to maintain large deposits. Some of the banks and building societies are now doing the same.

To open a current account at Abbey National, customers must deposit £300 unless their salary cheque is being deposited regularly. For Halifax's Maxim current account, the figure is £200. Nationwide's terms are even stiffer: Flexaccount, the UK's first mass-market, interest-bearing current account now requires an opening balance of £500 or the same amount to be paid in each month.

So, migrating from a bank to a building society to avoid charges and earn interest will not suit everyone. But the Woolwich building society's current account does look like one of the best buys on the market. No minimum balance is needed and it pays interest of 3.38 per cent, starting on balances of £1. Its overdraft rates also compare fairly well.

For those with much larger amounts of cash, there are higher-interest accounts available, although many of these limit the number of cheques you can write. The table on this page shows the rates available on a number of accounts with £1,000 or more.

If you are willing to keep £50,000 in the account, you should be able to earn between 8.5 and 10 per cent, with the Portman and Chelsea building societies offering the best rates (although they pay yearly). The Northern Rock account, which pays monthly at an annual rate of 9.34 per cent on balances of £25,000 and more, is one of the best buys in this category.

Northern Rock, by the way, emerged as the third-strongest society in the UBS Phillips & Drew annual review of the industry, a point which investors might want to bear in mind.

A bitter pill for consumers to swallow

***John Authers** considers private medical insurance costs*

WARNING! Trying to compare private medical insurance policies can be bad for your health.

Ten years ago, private medical insurance (PMI) was a standardised product. The market was dominated by BUPA (the British United Provident Association), the policies of which were copied by others in the industry.

Since then, changes have made health insurance one of the most bewilderingly fragmented and complex fields. A quickening rate of inflation in health care costs has a lot to do with this. Bupa estimates annual health care inflation at around 14 per cent – triple the rate of retail price inflation.

Then came the changed aspirations in Mrs Thatcher's wake. Many more people now seek private medical insurance, not necessarily for rational reasons, and most new customers are in a lower income bracket than the industry's traditional customers.

These factors between them led to the introduction of "budget" plans, which offered lower cover, in return for affordable premiums. Companies had different ways of cutting the amount of cover they had to offer, so the costs are not usually directly comparable.

New companies entered the field, such as Norwich Union and Allied Dunbar, most of which had new ways of approaching the problem.

For example, Norwich Union's market research suggested that customers were more concerned to ensure that any treatment they did need should be paid for, but were prepared to spend money on initial consultations. If you go to a consultant and find you are fit, therefore, NU's cheapest policy will not pay you anything, and you will have to foot the bill.

If the consultant finds something is wrong with you, life will be both more distressing and more expensive, but NU will foot the bill.

Other innovations include travel insurance as part of the package (from Allied Dunbar), loyalty bonuses, no-claims bonuses, and the option to take an excess – insurers will only pay medical bills in excess of a certain amount.

All this leads to startling variations in premiums, both between and within companies. As policies will not, quite reasonably, cover you for a condition which already exists, tailoring a policy to individual needs is very difficult.

Perhaps it is best, therefore, to examine exactly why you might want to use medical care from outside the National Health Service.

Some insurers would claim that private care is not a luxury, but a necessary product to rank alongside life assurance and pensions. But most, including Bupa, accept that it is primarily an aspiration.

Health fees inflation however, has made this aspiration rather harder to fund – changing contracts make this difficult to measure, but most in the industry accept that premiums have risen by around 30 per cent over the last year.

What, therefore, do you gain by opting out of the NHS? The prime gain, if this is to be thought of as anything like a necessity, is time, particularly for those active in business.

A recent *Which?* survey confirmed that private health care is indeed much quicker than the NHS. But the margin is narrower than the gulf in cost between public and private treatment can justify.

As many as 32 per cent of private patients have to wait more than a month before going into hospital, according to *Which?*, but only 2 per cent wait longer than three, and none wait as long as six months.

Most NHS patients (three quarters) reach hospital within three months of being referred, but one in five wait for three months or longer. This can then drag into the kind of emotive nightmare which occasionally appears in the newspapers – 9 per cent wait more than a year, and 3 per cent more than two. But the chances of getting treatment quickly on the NHS do tend to tip the balance against taking traditional private insurance for reasons of time.

This has led to the growth of the "six-week" plan. Private medicine can more or less guarantee to treat you within this period, so the policies will pay out for treatment if you need to wait more than six weeks on the NHS. These policies are so much cheaper that they demonstrate how good your chances are of getting quick public treatment.

For example, according to the latest survey by *Money Marketing*, a quotation which would cost £62.85 from Bupa for top-quality wards, or £30.33 for the lowest band of wards could cost as little as £11.90 per month if only six-week waiting lists are covered.

In many ways this is a traditional "risk" insurance – you pay quite small amounts of money to protect against the risk of something which is unlikely but potentially disastrous if it happens.

What of the other benefits of private medicine? *Which?*'s respondents found that food and interior decor were better in private hospitals, but a comfortable majority of NHS patients were satisfied with privacy and visiting arrangements. Also, *Which?* found that if you have complications, you are sometimes better off in the NHS, as private hospitals often do not have a full range of emergency back-up facilities.

Private insurance might, then, be best regarded not as an aspiration – it is too expensive for that – but as an insurance against the risk of a very long NHS waiting list. Unless you have insurance via the company you work for, that probably means looking at budget and six-week schemes.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	10.00%	Yly
Norwich & Peterborough BS	Post Master	0733 371371	Instant	£1,000	10.25%	Yly
Britannia BS	Capital Trust	0800 654456	Instant	£2,000	10.40☆	Yly
North of England BS	Edinburgh A/C	031 220 6991	Instant	£25,000	10.75%	Yly
Allied Trust Bank	3 Mth Notice A/C	071 626 0879	3 Month	£2,001	10.91%	Yly
Skipton BS	Imperial Bond	0756 700500	7.8.94	£5,000	11.00#	Yly
Chelsea BS	Premier A/C IV	0800 272505	31.1.95	£10,000	11.75♣	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.88%	Yly
Julian Hodge Bank		0222 220800	5 Year	£20	12.50%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	11.60%	Yly
National Counties BS		0372 742211	5 Year	£3,000	11.50%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	9.50%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	9.60%	Yly
				£25,000	10.10%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	Intl Gross	0481 715735	Instant	£500	9.50%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000	10.55%	Yly
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000	11.00%	OM
				£50,000	11.75%	OM
Bristol & West Intl Ltd	Int Fxd Rate Bond	0800 833222	1.10.93	£50,000	11.00%	OM
GUARANTEED INCOME BONDS (Net)						
Alico FN		081 680 7153	1 Year	£20,000	8.75%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.50%	Yly
Prosperity Life FN		0800 521546	3 Year	£15,000	8.65%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.55%	Yly
Laurentian Life FN		0452 371371	5 Year	£50,000	8.65%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.25%	Yly
	Income Bonds	wef 18.9.92	3 Month	£2,000	9.00%	Mly
	Capital Bonds E		5 Year	£100	10.00F	OM
	First Option Bond		12 Mths	£1,000	9.67%F	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	38th Issue		5 Year	£25	7.50%F	OM
	5th Index Linked		5 Year	£25	4.50% + Infln	OM
	Childrens Bond C		5 Year	£25	10.10F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. # = Rate fixed until 31.1.93. ♣ = Rate fixed until 1.2.93.
☆ = Rate Guaranteed not to fall before 1.1.93.Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

Safety is the best policy

***Richard Lapper** looks at the solvency of the big insurers*

HOW SAFE is your insurance policy? A small insurance trade association this week alleged that a number of insurers were potentially insolvent, fuelling controversy about the financial strength of the industry and the security of insurance policies.

The financial strength of UK insurers has certainly been seriously weakened by two years of record losses, and falls in the value of the properties and shares in which they invested heavily in the 1980s.

By the end of last year the net assets of the five biggest composite companies has been cut from £10.8bn at the end of 1989, to around around £6bn, its lowest level since 1984.

Much of the recent concern has centred on the solvency margin – one of the main tools used by regulators and analysts to measure the financial strength of the insurance companies.

The margin (or ratio) measures a company's ability to pay claims by comparing its net assets (its capital and free reserves) with the amount of premium income received in a given year.

In very simple terms, the stronger a company's capital base the less risk there is of it being unable to pay insurance claims, the more risks it can take on to its books and the more policies it can sell.

Companies must maintain a statutory minimum solvency ratio of between 16 and 18 per cent, although brokers, who are effectively professional insurance buyers, generally insist that the ratio should be no less than 30 per cent, nearly double the legal minimum.

Solvency ratios have certainly fallen. The UK's biggest company, Sun Alliance, fell from over 124 per cent in 1989 to 56 per cent at the end of June this year. The other large composite companies – so-called because they underwrite a combination of general and life insurance – all have lower margins, although they remain comfortably above the legal minimum.

However, a low solvency ratio need not necessarily give grounds for concern. The level and adequacy of claims reserves – which companies are legally obliged to maintain – is not reflected in the solvency ratio. In the UK, the DTI has sophisticated systems to monitor the adequacy of these reserves as well as the riskiness of the assets – investments in shares, gilts or property – into which these monies are invested. So a good deal of qualitative as well as quantitative analysis goes on in assessing company security.

According to Charles Longhurst of the Association of British Insurers "it is no secret that the solvency margin has fallen but the companies are still trading and able to meet claims. They have been living off the fat for the last couple of years but they haven't reached the bone yet."

Roy Randall, of Royal Insurance, says "a battery of factors are involved" in assessing solvency. "The solvency margin is not the be all and end all."

Nor is a high solvency margin necessarily a guide to financial health. Trinity Insurance, which became insolvent earlier this year, had relatively high solvency margins, indicating that the ratio does not always help the watchdogs spot weaknesses.

Even so in today's very difficult economic environment the possibility that your insurance company will go under cannot be entirely precluded. Even if it does, however, policyholders enjoy some automatic protection.

The Policyholders Protection Board - funded by the insurance industry as a whole - would assume most of a company's obligations.

The PPB will pay 100 per cent of claims incurred on insurance policies which it is compulsory to buy, such as third party motor insurance and 90 per cent of all other claims.

Jane Vass, of the Consumers' Association, says: "Nobody wants to go though the awkwardness of claiming from such a body but it is a safety net."

Tom Cobleigh and all for BES

MANY sponsors have taken the plunge into the Business Expansion Scheme this week – indeed the list consists of Uncle Tom Cobleigh and all, writes John Authers.

Tom Cobleigh Pubs is a BES company sponsored by Wise Speke, which will buy two pubs, probably in Yorkshire and the North Midlands. They will be managed by Tom Cobleigh Ltd, which was set up last year and runs ten pubs of its own in the north and Midlands, and 51 pubs tenanted by national brewers in Humberside. Tom Cobleigh Ltd intends to make an offer for the BES shares once the 5-year tax exemption period has expired.

The bibulous BES theme continues with Merlin Associates (Europe) which has exclusive European rights to distribute Bushman's Australian Vodka, Crown Reserve Scotch Whisky, Noble Estate Australian Wines and a range of Italian and Greek liqueurs. The company believes that Bushman's will have unique selling appeal, as it is a cane spirit vodka from Australia.

Both of these companies should be firmly labelled "speculative". However, other BES companies with covenanted repayment of fixed sums after five years are also on offer.

Neill Clerk is sponsoring Oxford Isis Residences, which will buy accommodation for Oxford Polytechnic, recently created a university. For every £1 paid now, it will repay £1.28 on October 31, 1997. House the Homeless of London (Greenwich) is the latest BES scheme set up by the Peabody Trust. It is aiming to provide 70 permanent homes for families in Greenwich. Peabody, which has properties with a vacant possession value of £825m, will pay £1.26 after five years for every £1 subscribed now.

The most unusual new development for contracted exit schemes comes from Johnson Fry, which has launched the Mortgage Express Flexible Growth Scheme in conjunction with TSB's Mortgage Express. The new wrinkle comes from a loan facility after one year – borrowers can take a loan equivalent to 76 per cent of the gross amount they originally invested. This is repaid automatically from the proceeds of the BES when TSB takes control of the property after five years. The loan does not rely on you proving your income, and it is non-recourse – in other words, according to Johnson Fry, there is no obligation to repay it from anything other than BES shares.

Johnson Fry is also launching Sovereign Reversions, which will buy properties from the elderly for a knock-down price in order to provide them with an income. The company will only take over the properties once the occupants have died, and then aim to make a profit.

Finally Pathfinder Repossessions II is a more speculative investment. It will buy repossessed property in London.

Week Ahead

GLAXO Holdings, the pharmaceuticals group, is predicted to produce on Thursday pre-tax profits for the year to June 30 of £1.4bn-£1.46bn (£1.28bn a year earlier) and a dividend of 16p-20p a share (14p).

Sales of Zantac, the ulcer drug which make up almost half its turnover, have been eroded by Astra's newly competing Losec and other drugs in continental Europe. But Zantac sales in the US and UK Zantac have held up.

Fisons, the pharmaceuticals and scientific equipment company, is expected to announce on Tuesday interim pre-tax profits of £35m-£43m (£95.2m). Forecasts of the dividend range from a rise to 3.6p to a cut. The wide range of estimates follow a company warning in June that first-half profits would be down.

Prudential Corporation, the insurance and financial services group, is expected to post increased interim pre-tax profits on Wednesday to £225m-£240m (£170m). Life insurance profits are expected to increase only marginally. But Prudential's general insurance business should produce sharply reduced losses.

Peninsular and Oriental Steam Navigation Company, the shipping and property group, is expected to report on Wednesday interim pre-tax profits of £90-£95m, little changed from last time.

BTR, the industrial conglomerate, reporting on Thursday, is forecast to unveil a slight increase in interim pre-tax profits to about £440m from £428m. News of economic recovery or the further rationalisation of Hawker Siddeley, will be eagerly anticipated.

Cadbury Schweppes is expected to justify on Thursday its premium rating in the food sector by reporting interim pre-tax profits of £115m-£120m (£111.5m). A modest dividend increase is also expected.

United Biscuits is expected to present a less happy picture when it announces its interims on Friday. Cost-cutting and improved efficiency have helped the company limit the impact of the UK recession but fierce competition continues for Keebler, its US biscuit and snacks subsidiary. Pre-tax profits of £70m-£75m (£86.1m) are forecast.

On Wednesday Hillsdown Holdings is expected to show only a small rise at the pre-tax level from last year's £77.6m, but the interim dividend should be safe. Operating profits will be down but the saving on interest after last year's rights issue will offset that.

Thursday sees results from Booker, which has changed its reporting period. On the new basis profits should be up a touch on last time's £32.9m – perhaps to £33.5m. But on the old basis June, profits are expected to be down a bit.

Shell Transport and Trading is expected on Thursday to announce an increase in its interim dividend to between 9.1p and 9.4p from 8.9p last year.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Armour Tst	Apr	1,460	(1,510)	3.9	(4.1)	1.49	(1.42)
Flogas	Jun‡	7,160†	(6,740)	23.9†	(23.8)	7.92†	(7.41)
Haynes Publishing	May	2,370	(26)	14.5	(0.1)	6.0	(2.5)
Industrial Control	May	4,600	(3,600)	9.1	(7.3)	0.3	(-)
Isotron	Jun	2,740	(2,810)	14.8	(15.1)	3.94	(3.59)
Primadona	Jun	20#	(358#)	5.1	(8.0)	4.5	(4.5)
Richmond Oil & Gas	Mar	43,900 L	(795 L)	-	(-)	-	(-)
SelecTV	Mar	423	(203)	0.38	(0.27)	-	(-)
Sinclair Goldsmith	May	525 L	(997 L)	-	(-)	0.5	(2.0)
Stanelco	Feb§	30	(-)	0.02	(-)	-	(-)
Stavert Zigomala	Mar	44	(65)	9.23	(15.9)	18.75	(18.75)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ADT	Jun♥	69,700	(60,100)	-	(-)
American Tst	Jul	2,940	(3,050)	1.5	(1.5)
Amicable Smaller	Jun	-	(-)	1.7	(-)
Arcon Int'l	Feb‡	367	(145)	-	(-)
Arnotts	Jul‡	1,010	(1,210)	2.25	(2.25)
Astec (BSR)	Jun	2,200	(2,700 L)	-	(-)
Baldwin	Apr	2,020 L	(2,230 L)	-	(1.4)
Barr & Wallace	Jun	557	(838)	3.0	(3.0)
Boustead	Jun	1,100	(1,040)	0.35	(0.35)
Bowater	Jun	62,400	(52,600)	9.7	(8.93)
Braime (TF&JH)	Jun	214	(283)	2.25	(2.25)
Burmah Castrol	Jun	84,700	(72,200)	8.75	(8.5)
Cakebread Robey	Jun	667 L	(191 L)	-	(-)
Cookson Group	Jun	34,000	(17,000)	3.0	(3.0)
Courtaulds Textiles	Jun	17,000	(16,600)	4.4	(4.2)
CRH	Jun‡	22,600	(21,100)	2.25	(2.15)
Cussins Property	Jun	437	271 L)	-	(-)
Dewhirst Group	Jul	2,400	(851)	0.32	(0.29)
Edmond Hldgs	Jun	22 L	(856)	0.35	(0.65)
EFM Income Tst	Jul	-	(-)	1.2	(1.2)
English & O'seas	Jun	438 L	(554 L)	-	(0.6)
Fife Indmar	Jun	236 L	(845)	0.5	(1.0)
Gartmore American	Jun♣	177	(463)	1.0	(1.0)
Gartmore Value	Jul♣	377	(683)	0.95	(0.92)
Grafton Group	Jun‡	1,650	(1,620)	2.75	(2.5)
Hawthorn Leslie	Jun	434	(9,480 L)	-	(-)
Iceland Frozen	Jun	24,200	(20,320)	3.1	(2.65)
Inishtech	Jun‡	3,560	(3,090)	-	(-)
Invergordon Dist	Jun	14,600	(13,100)	2.8	(2.5)
IOM Steam Packet	Jun	380	(821)	3.0	(3.0)
Johnston Press	Jun	4,850	(3,880)	2.25	(2.0)
Jourdan (Thomas)	Jun	874 L	(595 L)	0.5	(0.5)
Ladbroke Group	Jun	103,200	(98,200)	4.92	(4.92)
Lincoln House	Jun	24 L	(247 L)	-	(-)
London Wall	Jun♠	445	(1,450)	-	(-)
Macfarlane Group	Jun	4,550	(4,020)	1.88	(1.75)
Merlin Int'l Green	Jun	269‡	(362‡)	1.0	(1.5)
Nestor-BNA	Jun	2,110	(2,390)	1.15	(1.15)
Northern Engineering	Jun	3,100	(2,400 L)	-	(-)
Page (Michael)	Jun	1,290	(2,090)	0.6	(0.6)
Pentos	Jun	2,400	(2,900)	0.7	(0.7)
Persimmon	Jun	7,250	(12,500)	2.8	(2.8)
Provident Financial	Jun	12,800	(10,800)	9.25	(8.5)
Psion	Jun	1,050	(270)	1.0	(1.0)
Readymix	Jun‡	1,500	(1,760)	0.55	(0.55)
Reckitt & Colman	Jun	134,200	(127,620)	5.95	(5.55)
Rolls Royce	Jun	20,000	(11,000)	2.55	(2.55)
Scottish Heritable	Jun	2,860 L	(3,150 L)	-	(-)
Senior Engineering	Jun	10,000	(8,770)	1.2	(1.2)
Serco Group	Jun	3,390	(2,480)	4.5	(3.9)
Sloger & Friedlander	Jun	3,250	(8,110)	1.0	(1.0)
Sterling Tst	Jun	1,220	(1,560)	-	(-)
Strong & Fisher	Jun	2,170	(5,230)	-	(-)
Sun Alliance	Jun	97,900 L	(114,100L)	5.25	(5.25)
Templeton Galbraith	Jun♥	45,180	(33,630)	-	(7.0)
T&N	Jun	34,700	(20,300)	3.6	(3.6)
Torday & Carlisle	Jun	353 L	(834 L)	-	(1.5)
Trans World Comms	Jun	395	(1,090 L)	-	(-)
Unipart	Jun	9,500	(6,700)	-	(-)
Vinten Group	Jun	4,290	(4,670)	1.9	(1.8)
Waterford Wedgwood	Jun‡	5,770 L	(2,040 L)	-	(-)
Williams Holdings	Jun	72,000	(76,500)	5.0	(5.0)
Wilson Bowden	Jun	10,300	(15,400)	2.5	(2.5)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ = Figures quoted in Irish pounds & pence. # = Net revenue. § = Figures for 14 months. ♥ = Figures quoted in US dollars & cents. † = Figures for 13 months. ♣ = Figures for three months. ♠ = Figures for nine months. ‡ = Available revenue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Johnston Press is to raise £7.75m via a placing of 2.5m shares at 310p.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Continuous Stat	40*	38	34	6.80	Prontaprint
Gibbs Mew	200*	188	183	11.00	Brierly Invts
JS Pathology	175*	170	164	23.06	Corning
Magnetic Mats ‡	60	59	59	11.00	TT Group
Templeton G'braith	$6*‡	290p	296p	$913m ‡	Franklin

*All cash offer.††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 4/9/92. §§Shares & cash. ‡ Sterling equivalent £3.02 (value per share), £460m (total value).

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Adscene Group	Tuesday	0.75	1.25	1.5
Arcadian Int'l	Friday	-	-	-
Black (Peter) Hldgs	Monday	0.77	2.07	0.77
British Thornton Hldgs	Wednesday	-	-	-
BZW Convertible Inv Tst	Thursday	-	3.2	1.5
Glaxo Holdings	Thursday	8.5	19.5	8.0
Goodhead Group	Monday	0.5	-	-
Macro 4	Tuesday	3.82	7.17	5.14
Sirdar	Thursday	1.65	3.5	1.65
Walker (Thomas)	Friday	0.18	0.7	0.18
INTERIM DIVIDENDS				
AMEC	Thursday	4.0	8.25	-
Assoc British Ports	Wednesday	3.1	4.9	-
ASW Holdings	Monday	4.5	4.5	-
Avonmore Foods	Wednesday	1.35	1.65	-
Avonside Group	Wednesday	-	-	-
Baird (William)	Tuesday	3.55	5.35	-
Beattie (James)	Thursday	1.4	4.35	-
Berry Starquest	Friday	-	2.0	-
Bletchley Motor	Tuesday	4.1	4.1	-
Blue Circle	Thursday	3.75	7.5	-
Boddington Group	Wednesday	2.35	4.25	-
Bodycote Int'l	Thursday	3.5	5.75	-
Booker	Thursday	7.5	14.25	-
Brammer	Monday	4.5	8.5	-
British Bio-technology	Monday‡	-	-	-
British Borneo Petroleum	Wednesday	2.68	4.43	-
British Dredging	Wednesday	2.6	4.8	-
British Mohair Hldgs	Thursday	1.4	7.1	-
British Vita	Monday	3.45	3.6	-
BTR	Thursday	7.5	9.0	-
Bunzl	Thursday	1.8	2.2	-
Burford Holdings	Monday	0.45	0.5	-
Burnfield	Wednesday	1.65	4.1	-
Cadbury Schweppes	Thursday	3.2	9.3	-
Caird Group	Wednesday	1.22	1.37	-
Calderburn	Monday	2.8	4.9	-
Candover Inv	Tuesday	3.5	8.0	-
Carnaudmetalbox	Thursday●	-	3.7	-
Claremont Garments (Hldgs)	Monday	-	3.5	-
Coats Viyella	Thursday	3.0	4.0	-
Commercial Bank of London	Thursday	-	35.0	-
Croda Int'l	Tuesday	2.75	4.75	-
CU Environmental Tst	Wednesday	-	-	-
ECC Group	Wednesday	6.6	13.4	-
Elys (Wimbledon)	Friday	1.6	14.5	-
Emess	Thursday	0.65	0.35	-
Enterprise Oil	Thursday	6.5	9.25	-
Erith	Thursday	1.3	0.7	-
European Project Inv Tst	Thursday	-	0.47	-
Evans Halshaw	Wednesday	3.6	7.65	-
Evered Bardon	Friday	1.93	3.66	-
Fairey Group	Monday	3.0	6.0	-
Ferrum Holdings	Thursday	1.1	1.4	-
Fisons	Tuesday	3.3	5.4	-
Frost Group	Monday	-	2.0	-
Gaskell	Tuesday	3.0	5.6	-
Gowrings	Thursday	1.0	1.0	-
Great Southern Group	Wednesday	3.3	8.7	-
Haden Maclellan Hldgs	Wednesday	3.0	5.0	-
Hall Engineering	Thursday	3.3	5.34	-
Herring Baker Harris	Tuesday	3.25	3.75	-
Hewitt Group	Monday	1.0	1.5	-
Hillsdown Holdings	Wednesday	2.2	8.6	-
Home Counties Newspapers	Tuesday	2.75	5.5	-
IMI	Tuesday	4.2	5.8	-
Instem	Tuesday	1.2	1.8	-
Intrum Justitia	Monday	0.8	1.6	-
Kleinwort Smaller Co's Inv	Wednesday	2.0	2.6	-
Kynoch Group	Monday	-	-	-
Laing (John)	Thursday	3.0	6.0	-
Lloyds Smaller Co's Inv	Thursday	-	-	-
London Forfaiting Co	Thursday	2.62	5.0	-
LWT Holdings	Thursday	1.988	1.988	-
Matthews (Bernard)	Thursday	2.0	2.5	-
Medeva	Tuesday	0.5	1.0	-
MTM	Wednesday	1.87	-	-
Nurdin & Peacock	Tuesday	1.96	3.6	-
Ocean Group	Thursday	4.71	9.62	-
Pacific Assets Tst	Wednesday	-	1.0	-
Parambe	Thursday	0.55	0.55	-
PCT Group	Thursday	2.5	4.5	-
Peek	Tuesday	1.05	2.35	-
Pendragon	Thursday	2.0	4.0	-
Pentland Group	Monday	0.937	1.312	-
Perkins Foods	Monday	1.7	2.6	-
Plantsbrook Group	Tuesday	1.0	2.0	-
P&O	Wednesday	13.5	17.0	-
Portals Group	Wednesday	5.0	8.8	-
Porvair	Thursday	1.1	2.2	-
Prudential Corp	Wednesday	3.8	7.2	-
Rathbone Brothers	Thursday	2.5	7.5	-
Record Holdings	Tuesday	1.15	2.45	-
Reece	Thursday	0.1	-	-
Robinson Bros (Ryders Green)	Thursday	-	-	-
Ropner	Tuesday	3.5	4.75	-
RTZ	Thursday	6.0	13.5	-
Rugby Group	Monday	2.85	3.6	-
Savoy Hotel	Wednesday	-	7.0	-
Scholl	Monday	2.5	3.5	-
Sema Group	Thursday	1.0	1.6	-
Severfield-Reeve	Thursday	1.0	-	-
Shell T&T/Royal Dutch	Thursday	8.9	12.0	-
Sherwood Computer Services	Wednesday	1.5	4.5	-
Stat-Plus	Wednesday	3.12	4.0	-
Sumleigh	Wednesday	-	-	-
Suter	Monday	3.2	5.6	-
Taylor Woodrow	Wednesday	1.86	7.64	-
TLS Range	Thursday	-	-	-
United Biscuits	Friday	5.5	9.8	-
Wilson (Connolly)	Wednesday	1.27	2.66	-
Wimpey (George)	Tuesday	4.0	6.5	-
WSP Holdings	Monday	1.1	1.9	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = 1st quarter figures. ● = Figures quoted in French francs gross per share.

How to gain real US expertise

***Robert Powell** considers American mutual funds*

THE OLD world has long regarded the US as a land of opportunity and riches. The US certainly has the most sophisticated financial markets in the world. But how does a *non-American gain access to* the expertise of US fund managers?

The American equivalent of the unit trust industry is the mutual fund sector, which has been phenomenally successful in attracting US private investors. One in every four American households owns shares of a mutual fund, and during the past decade, the number of funds has grown from 665 to 3,570.

However, for the overseas investor, buying into a mutual fund is neither an easy nor a tax-less task.

The non-US investor must first open – if they can – a deposit account in the US or locate a European or an offshore financial services company which will establish an account in the US for them.

After going through all that, they will learn that Uncle Sam will treat them worse – at least if they invest in a money market or bond fund, than if they had invested their funds in a unit trust domiciled outside the US, but which also invested in US securities.

That is because under current US securities law, mutual funds are required to distribute interest income and realised capital gains each year. Under the same law, mutual funds must convert the interest, income and capital gains realised and distributed into "dividends".

The non-US investor's "dividend" is then subject to a US withholding tax that ranges from 15 per cent to 30 per cent depending on whether a treaty exists with the US. (In some countries, Germany for instance, the non-US investor can recover that withholding tax by declaring it on their home country tax form.)

Catherine Heron, of the Investment Company Institute, a trade group in Washington DC, says lawmakers in Congress may pass a bill that has bipartisan support this year that will remove the hurdles that now make it difficult for non-US investors to buy US *mutual fund shares.*

The law would enable US firms to distribute interest and income and short-term capital gains to non-US investors free from withholding tax. It would also enable US companies to create special mutual funds for non-US investors that would not be required to distribute income or gains annually.

In the meantime, non-US investors may be better placed investing in a fund that is domiciled in an "offshore" centre such as Luxembourg,

'Buying into a mutual fund is neither easy nor tax-less'

Ireland or the Bahamas. That way they can benefit from the expertise of a big US fund manager such as Fidelity or Putnam, without incurring a tax penalty.

Robert Pozen, general counsel for Fidelity Investments in Boston, says offshore funds are not very different from those that an investor might buy directly in the US. And in fact there may be certain advantages.

For starters, those funds usually invest in the very same securities that managers of US funds do. And as a result, the performance of those funds will be similar.

For instance, Bill McBride of Lipper Analytical Services, a mutual fund research firm in New York, said the average offshore fund that invested in US securities rose 39.04 per cent over the five years ended June 1992. By contrast, the average US equity fund rose in US dollars terms 47.74 per cent. (The non-US investor would have faced a withholding tax on part of that gain).

The top-performing offshore funds over that 5 year period were Global Asset Management Selection Inc, up 133.85 per cent, Fidelity's Sterling *American Fund, up 127.87 per* cent, and Putnam's Emerging Health Sciences Trust SA, up 105.12 per cent.

Meanwhile, the average offshore fund that invested in US equities rose 11.34 per cent over the year ended June, while the average US equity fund rose 13.01 per cent. (The top performing offshore funds over the past year were Thornton American Opportunities Trust Income, up 19.85 per cent and Ermitage Selz Fund Ltd, up 18.52 per cent).

McBride attributed the better performance of US-based over offshore funds to the former's concentration in small stocks and not to superior investment talent.

However, offshore funds are not without drawbacks, according to McBride. For a start, the private investor does not have as many choices as in the US domestic market. True, the number of funds that invest in US equities has grown from 60 five years ago to 124 today, of which around 32 are managed by US fund managers. But that still pales in comparison to the number of US funds and firms.

According to McBride, there is some $4.2bn invested in the 124 offshore funds that invest in US equities. But there is an estimated $500 billion invested in the more than 1,200 US based equity funds. In addition the non-US investor may not be able to put his money in a fund managed by a superstar as Americans were able to do with Peter Lynch, the now retired manager of Fidelity.

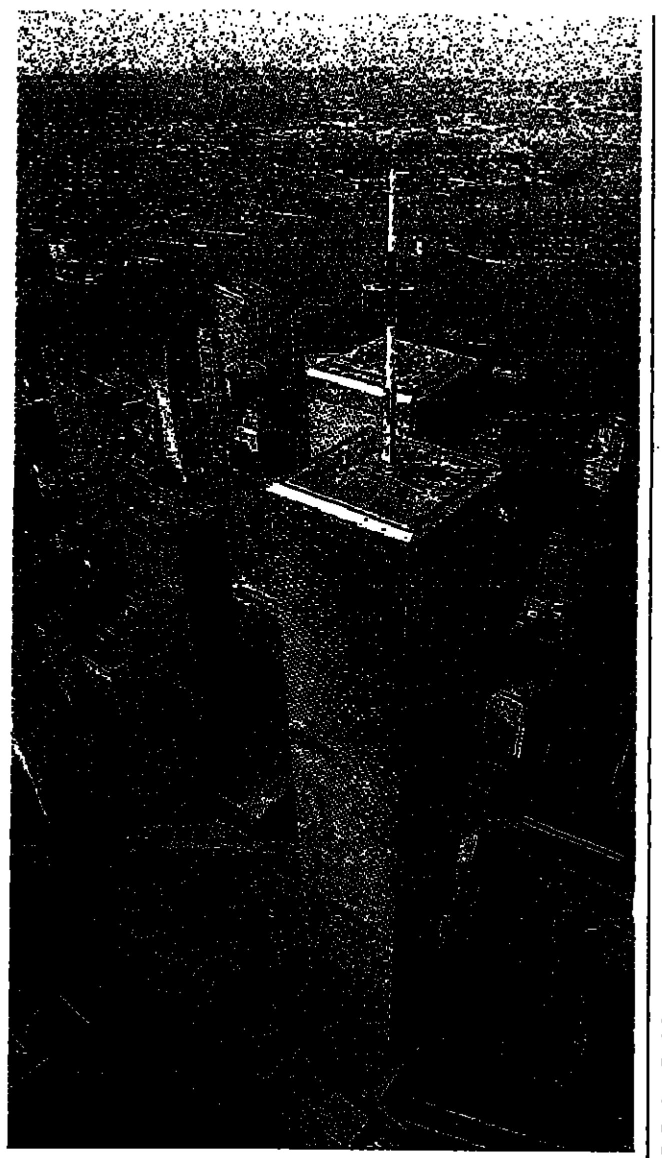
In addition, offshore funds are more costly to operate than US-based funds, and as a result, investors may face higher charges. On average, the investor in the US-domiciled equity fund will usually pay the manager 1.4 per cent of assets under management for expenses. By contrast, McBride and others estimated that an investor in a non-US based funds can expect to pay an additional 0.5 of a percentage point or more in expenses each year – and thus, all things being equal, could expect to see a lower rate of return.

Non-US investors will also have to pay a initial charge of about 5 to 6 per cent to buy an offshore fund that invests in US securities. Such a charge can significantly reduce the investor's return.

By contrast, many US domiciled funds have no initial charge. These so-called "no-load" funds are sold directly to the public without the intervention of a stockbroker, banker, insurance salesman, or financial planner.

There is a further option for non-US investors – "cross border" funds. For example, the Boston-based Pioneer fund, which was founded in the late 1920s, was registered for sale in Germany in the late 1960s. German shareholders of that fund, which is exactly the same as the fund offered for sale in the US, are treated in the same way as if they had invested in a German-domiciled fund.

But while experts say Pioneer has succeed in gaining market share in Germany, they note that other US firms - because of cultural and distribution differences - have had limited success registering US-domiciled funds overseas.



Investing in the US: not without its difficulties

Glyn Genin

Minding Your Own Business

The market researcher who found the answer

Heather Farmbrough on a woman who rediscovered her sense of excitement

TO ALEX Walley, who runs Directions Research and Marketing, the thought of setting up her own business was far more frightening than the reality.

"In practice the hardest bit *was getting British Telecom to* fit the phone lines," she says.

Directions offers strategic market research, to help companies market new or existing brand products and services. The idea is to offer a highly professional service to clients based on detailed interviews with carefully chosen groups. You will not find Alex standing on a street corner asking people what kind of washing powder they use.

Alex, who has a degree in maths and psychology, spent 18 months on leaving university with the accountants Thomson McClintock but left to become a market researcher with a medium sized firm. In 1987, she and two colleagues, Liz Cox and Sally Nicholson, were approached by a large advertising agency and asked to set up an in-house research company.

"They were offering us a profit share, fast cars on the company scheme and lovely offices," she recalls, but she was tired of working long hours for someone else and decided to set up on her own with her two former colleagues.

It took a month to set up the business and rent an office in Fulham. This was straightforward in comparison with the efforts to raise a £10,000 loan from National Westminster and Lloyds Bank to pay for a top of the range desk top printing system.

"Lloyds offered us a high interest personal investors' account," recalls Alex, "but no business services. NatWest hummed and hah-hed and said they only looked at serious business people. They didn't say no but they all but did."

The experience deterred her from approaching the other clearing banks; luckily, a loan was arranged through banking contacts with CL Bank Nederland. In contrast, a recent trip to the local NatWest branch to open a petty cash account generated a totally different reaction: "they were falling over themselves to help us".

In the early days, the main problem was persuading people to take them seriously as a new business. Alex believes this was hard because all the three partners were women. But several clients from their old company commissioned work and since then, the client list has expanded comfortably. It includes TSB Bank and Insurance, the Leeds Permanent Building Society and Courtaulds Textiles.

For each project, Alex and her colleagues talk to respondants individually or in group discussions which may last from one and a half to four hours. In the more creative sessions, respondants act out roles. They might pretend, for instance, to be shop assistants treating customers as they would like to be treated themselves. A network of recruiters around the country organise the discussion sessions and find respondants.

Alex has taken a very cautious approach. For the first three years, she turned away work rather than risking over-expansion. She did the books herself, once a month on a Sunday afternoon.

The number of employees has been kept low - the total now is eight - but Alex has not been forced to make redundancies as a result of the recession in the market research industry.

Turnover has stayed at around £750,000 a year.

"In the first year we practically killed ourselves because we were so convinced we would go bust," she remembers.

They all worked at least 12 hours a day and for most of the weekends. Since then, she says, each has realised that other aspects of their lives – in Alex's case, her two young children – are as important.

One thing she has learnt by bitter experience is the importance of a good accountant. Directions' first firm of accountants were a "small two man band who were very nice and gave us lots of help with book-keeping but blew out when it came to dividends and wouldn't admit they were out of their depth. We lost a lot of money due to incorrect tax advice."

"The second accountant was a complete disaster, from one of the top 20 firms. We had a partner who couldn't have been more condescending. He didn't get our accounts out on time; one of my partners was actually fined for not returning her tax return on time despite having told her that he had."

The current accountant is from a medium sized firm and does an excellent job.

And, invariably, it's "the little niggly things which turn into massive problems," as Alex says. She has just spent several days sorting out the confusion caused by an official from the Inland Revenue who gave the wrong advice about the payment of VAT for hotel rooms used for interviewing respondants.

After four years, Alex regards the main problem as balancing home and work. She wants to spend more time with her family, but doesn't want a part-time job. She is also keen to keep the company relatively small so that people work together well.

But she is in no doubt that working for herself has been a change for the better.

"As soon as I started, all the excitement came back. I'm in control, I like my clients and I enjoy the work."

■ *Directions Market Research, 88a New King's Road, London SW6 4LU. Tel: 071-736-6925*

Directors' Transactions

CONTINUED uncertainty over France's referendum on the Maastricht treaty has kept the UK market nervous. With sterling only inches from its floor level in the ERM, share prices are likely to remain volatile over the next few weeks. But even these anxieties have failed to deter the more resolute directors from buying.

Throughout 1991, insurance broking was sold heavily by many directors at a time when it was showing relative strength against other market sectors. The wisdom of those sales is only now becoming apparent as brokers donwgrade forecasts after some very disappointing results, notably the Sedgwick Group.

Against this background Lord Pearson, chairman of PWS Holdings, picked up 277,500 shares at 32p. He also made a non-beneficial purchase of a further 75,000. Pearson remains by far the largest shareholder on the board, with just over 1.7m. PWS is due to report final results in January.

When Charles Hambro, chairman of Guardian Royal Exchange, bought 50,000 shares at 128p in March this year, they rose promptly to 160p. Since then, however, they have fallen back again.

Now, Sir Anthony Tennant, a non-executive director, has bought 25,000 at 131p. They were acquired on the same day as interim results were revealed showing losses before tax reduced to £39m from £88m the previous year. The improving trend owes much to GRE's strategy of raising premiums at the cost of volume.

Angus MacDonald,
Directus ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
MacDonald Martin A	Brew	13,760	77	1
MacDonald Martin B	Brew	5,067	34	2
Plasmec	EngG	75,000	64	1
Sainsbury J	FdRe	23,696	106	1*
PURCHASES				
Aerospace Eng	EngG	174,229	18	5
African Lakes	BuSe	29,242	11	2
Argos	Stor	5,000	10	1
Asda Group	FdRe	40,212	10	1
Boots	Stor	2,168	10	1
French Connection	Stor	75,000	16	2
Great Portland	Prop	15,000	16	1
Guardian Royal Exch	InsC	25,000	33	1
Hazlewood Foods	FdMa	30,000	33	1
Lister	Text	100,000	20	1
Low (Wm)	FdRe	15,000	27	1
McAlpine Alfred	C&C	12,500	13	1
Molynx	Elec	35,000	13	1
NSM	C&C	100,000	20	1
PWS Holdings	InsB	282,500	90	2
Royal Bank of Scot	Bank	10,000	15	1
Southend Property	Prop	25,000	10	1
Transatlantic A prf	InsL	19,200	55	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 24-28 August 1992.

Source: Directus Ltd, Edinburgh

My hobby and self-employment

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I have followed your correspondence relating to tax liability arising from a hobby and, as a result, have declared sales from my hobby to the Inland Revenue. They have agreed that costs far outweigh any profit and no tax liability arises.

The Department of Social Security is now requiring me to register as self-employed and I am resisting this on the grounds that this is a non-commercial venture and without the necessary intent to make a profit there can be no question of employment.

Can you tell me if I am justified in my refusal to register as self-employed? What, if any, appeal lies from the local Department of Social Security and what sanctions are they able to apply?

I have sufficient contributions to draw a full retirement pension when I reach 65. I am a higher rate tax-payer but do not seek to offset the loss on my hobby against my tax bill.

The first thing is to get yourself exempted from class 2 contributions for the future (and the past few weeks) on the grounds of small earnings – without conceding that you are in fact liable to pay class 2 contributions at all. Ask the DSS for the free leaflet NI27A, and complete the exemption claim form which it contains. Strictly, a certificate of exception can only be backdated by up to 13 weeks, but in the circumstances the DSS should feel able to grant retrospective exemption for a far longer period.

You could also ask for leaflet N139 on self-employment generally. The basic question is whether you are gainfully employed in selling the products of your hobby. The statutory term "gainfully employed" means that your hobby must be pursued with the motive of gain – but not necessarily for profit (which it clearly is not). The fact that you seek to offset some of the costs of your hobby by making sales may well be sufficient to constitute a motive of gain.

The appeal procedure is complicated and time consuming, so it is best to try to reach a compromise solution with the local DSS office by correspondence, and face-to-face discussion.

To indicate your determination to fight, however, you could ask them for an appeal form CF90. It may be helpful if you write to your MP with a brief outline of the situation, (and mention to the DSS that you have done so).

A friend in distress

A friend in his early 40s has been in the popular music business for many years. He is married with a large family and supplements his musician's income through casual construction-related work.

Some years ago a terrible tragedy struck my friend when his toddler was permanently handicapped after being knocked down on the road. Legal proceedings regarding the accident are ongoing and I gather that the youngster is likely to benefit from a compensation award at some point.

From remarks that my friend has made I suspect that he is concerned about the prospect of his financial circumstances coming under scrutiny as part of, or subsequent to, the legal aftermath of his child's accident.

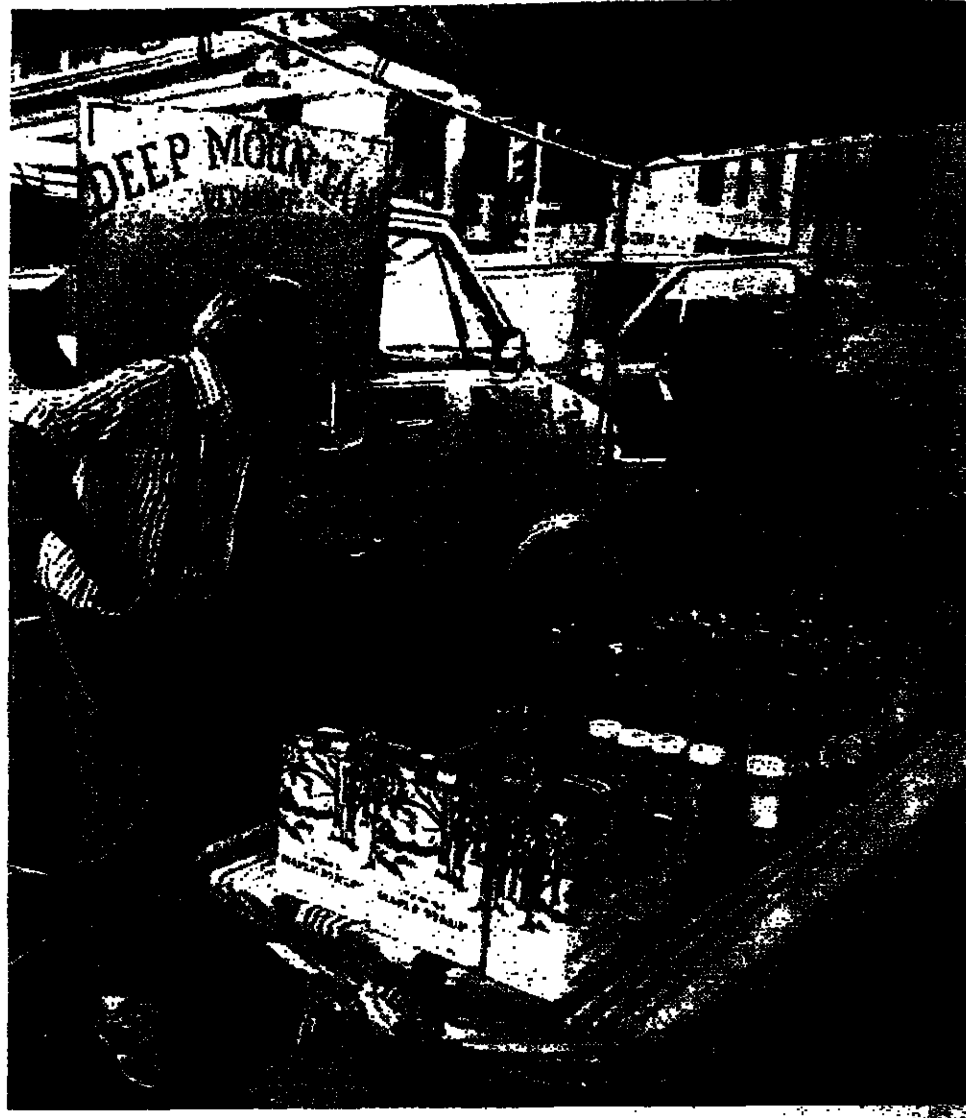
This is because my friend has not made any returns to the Inland Revenue for some years, and I suspect he may never have declared any of his music business income over his whole career. My friend seems keen to legitimise his position but does not know the best way to proceed.

The best solution is probably for your friend to explain the position to the solicitor who is acting for his child. If the solicitor cannot assist him, he or she will at least be able to put him in touch with a local accountant who is experienced in that type of negotiation. It is best to have professional representation when admitting past omissions to the Inland Revenue – not least because some tax inspectors may adopt a slightly bullying attitude towards unaided taxpayers.

HOW TO SPEND IT

It's fast, it's furious – it's New York

A moment of peace in a hectic schedule: workers take a break on the steps of the New York stock exchange



For that passing pancake: a roadside stand selling maple syrup

I HAVE lived in New York for nearly two years, a blink of the eye in the big scheme of things; but in a city that moves as fast as this one, a lot can be learned in a short space of time.

The only important thing to know about visiting New York is, whatever you do, do not pause too long for breath; otherwise, you will miss feasting on the city's extraordinary energy. Tackle everything – shopping, eating, drinking or sightseeing – at speed. You can rest when you get home.

■ **SHOPPING**

The best thing about shopping for clothes in New York is that if you want to spend a bundle on designer labels, you can. But if you want to spend less, and still look good, there is affordable quality in abundance. Classic American clothes are especially good value – Levi 501s, for example, cost just $36 at any branch of Wings around the city.

For men, Banana Republic also offers the classic American look but with an outdoor, preppy twist. Handsome black leather jackets, designed with a minimum of fuss but a maximum of comfort, can be had for only $325 and dark green suede jackets, which would look wonderful with either a white T-shirt or a smart Brooks Brothers' button-down, are available for $345.

There are several Banana Republics around the city, including one at Lexington Avenue and 59th Street.

There is no shortage of choice at the top end of the market. If you like everything in one place, the men's department at Bergdorf Goodman, on Fifth Avenue at 58th Street, is worth a trip – ignore the tweedy, English gentleman's club interior and enjoy the wide range of top American and European designers – as is Barneys on Seventh Avenue in Chelsea, which has the best tie collection and the wackiest window displays in the western hemisphere.

If you want the designer labels at permanent sale prices, go downtown to Century 21, a vast, ugly department store opposite the World Trade Centre.

Do not be put off by the tacky setting because you can find some tremendous fashion bargains on the ground floor. It is especially good for men's Italian suits and jackets. For those with more particular tastes, try Matsuda on lower Fifth Avenue which sells pricy, but comfortable and chic, Japanese clothes.

For women, a wide range of options is available. Obvious recommendations include Bergdorf Goodman, Henri Bendel and Charivari, all situated conveniently within a few blocks of each other around Fifth Avenue and 57th Street; but, among the individual designers, try Betsey Johnson for bright colours in sexy shapes and Morgane Le Fay, where the present autumn fashions are ethereally elegant in warm wine reds, navy blues, off-whites and greys. Both are in SoHo, and all of the above are expensive.

The important thing to know about visiting Manhattan is that, whatever you do, do not pause too long for breath – not difficult with everything that's happening . . .

There are too many good shoe shops to mention, but Tootsi Plohound at Prince Street in SoHo and Martinez Valero on Third Avenue at 61st Street come recommended for quality women's shoes at good prices.

Anyone looking for home furnishing should head straight for Portico, on the corner of Wooster and Spring streets. It has a lovely selection of antique brass beds, plenty of fine linens, towels, and various bathroom fittings and fixtures. Like many of New York's best shops, Portico is worth visiting just to enjoy the space it occupies – a high-ceilinged converted warehouse with polished wooden floors and tall, wide windows.

If your tastes are more cosmopolitan, go to Hecho-A-Mano on West Broadway, a fabulous shop that sells hand-made Mexican furniture, crockery and glassware, and Zona (also in SoHo, on Greene Street) which sells an enormous variety of gifts for young and old, including some delightful wooden American folk circus toys.

Shopping builds the appetite, so follow the example of many New Yorkers at lunchtime and get something from the many sandwich bars which offer huge, exotic combinations for under $10. If you want something a cut above the rest, go to Mangia at 54 West 56th Street. Pick up one of its healthy sandwiches, soups or salads and have a picnic in Central Park.

Sheep Meadow, a few minutes' walk from the park's southern entrance, is perfect – it is a special quiet zone and has splendid views of the midtown skyline above the treetops.

If you fancy a sit-down meal, but want to keep it informal, go to the Oyster Bar underneath Grand Central Station – a cavernous seafood restaurant packed with local office workers. The food is simple but very good, and the setting magnificent.

If you want to come home from New York with a really special buy, head down to the Lower East Side. Orchard Street is famed for its new and second-hand leather jackets (a visiting friend recently bought a superb original 1950s' police leather coat for $350), while Second Avenue or the eastern end of Houston Street are equally good for vintage American clothes.

The multi-coloured "varsity" jackets worn by high school and college students are particularly fashionable at the moment and cost a fraction of the price they would command overseas.

Whatever you do, do not leave until you have visited one of the markets which sell the produce from farms in upstate New York, Pennsylvania, and other outlying areas. The best, at Union Square, is held on Wednesdays, Fridays and Saturdays.

The produce, most of it grown organically grown, is wonderful – especially the sourdough breads, locally-caught seafood, fresh herbs and mouth-watering sweetcorn.

The smells and sounds of the market create a glorious atmosphere: on a sunny Saturday morning, there is no better place to be in New York.

■ **EATING OUT**

Shopping in New York is enjoyable, but your best time in the city probably will be spent in restaurants and bars. One of my favourite bars is the Paris Café, on South Street right at the bottom of Manhattan. It is a welcoming, comfortable old place, best visited at weekends (when it is not so busy with Wall Street lunchers) and in the early-morning hours, when the traders and fishmongers from the Fulton Street market next door pop in for a drink after work.

If you want to mingle with the young and the beautiful, make for the Coffee Shop on Union Square where you will find more models than on a Paris catwalk. But if you want the truly unusual, step down to the tiny Samurai Bar on Sullivan Street in Greenwich Village, probably the world's only Japanese reggae bar. Drink saké or Sapporo beer, enjoy the music, chat to the friendly Haitian owners – and understand what people mean about the city being a melting pot.

Of all the many restaurants in New York, my favourite for atmosphere and impromptu late-night dinners is Raoul's, at 180 Prince Street. Drink with the locals at the crowded bar, or enjoy the simple but well-prepared French food.

If you want a more formal night out, with some truly innovative cuisine, go to the Quilted Giraffe, at 550 Madison Avenue, where the heavily Japanese-influenced creations are gorgeous to look at and eat. Go for the "Beggar's Purse" appetiser – caviar rolled in gold leaf presented on a mini pedestal.

Owner and chef Barry Wine will insist you eat it with your hands behind your back and, while you struggle inelegantly, he will snap a picture to add to a collection that includes Warren Beatty, Madonna, William Hurt, and other luminaries.

One important note, though: if the New York Giants football team are having a bad season, be extra nice to Frank, the maitre d'.

Finally, if you want to be ultra-hip, head down to SoHo. Start off with a late dinner at Boom, on Spring Street. You've heard of "world music" – well, this is "world food": Moroccan charmoula-marinated seafood over cinammon couscous, or risotto with white truffle oil and white mushrooms. It tastes as good as it sounds and sometimes there is live jazz to enjoy.

After Boom, stroll south to where West Broadway meets Grand Street and fritter the night away at the coolest crossroads in all of New York: the Felix Bar, upstairs at Jour et Nuit, the West Broadway Restaurant, La Jumelle and Lucky Strike are all crammed into one small block. By four or five in the morning you should have had enough, so wind down with a strong black coffee at the all-night Moonshine Diner a few yards away on Sixth Avenue.

You will need a good breakfast every morning to ensure you keep up with New York's pace. Try the Edwardian Room at the Plaza, which is located superbly alongside Central Park. Its beautiful light on sunny mornings eases you nicely into the day.

For the more adventurous who might want to breakfast downtown, tackle the Texan flavours of Cottonwood on Bleecker St by Eighth Avenue, where a big plateful of *huevos rancheros* (hot Mexican eggs) and a large Bloody Mary will put enough fire in your belly to last through the day – and cure your hangover, if necessary.

■ **WHERE TO STAY**

Most of the well-known New York hotels are grand and expensive in the old-fashioned way so, for those seeking a more intimate experience, try the Lowell on East 63rd Street just off Madison Avenue. The Lowell is located ideally for an evening at one of my favourite restaurants, Le Bilboquet, a cramped but atmospheric French bistro located across the street and popular with the beautiful people of the Upper East Side. Le Bilboquet does not take reservations but, if you have to wait, Philippe, the irrepressible proprietor, should keep you entertained.

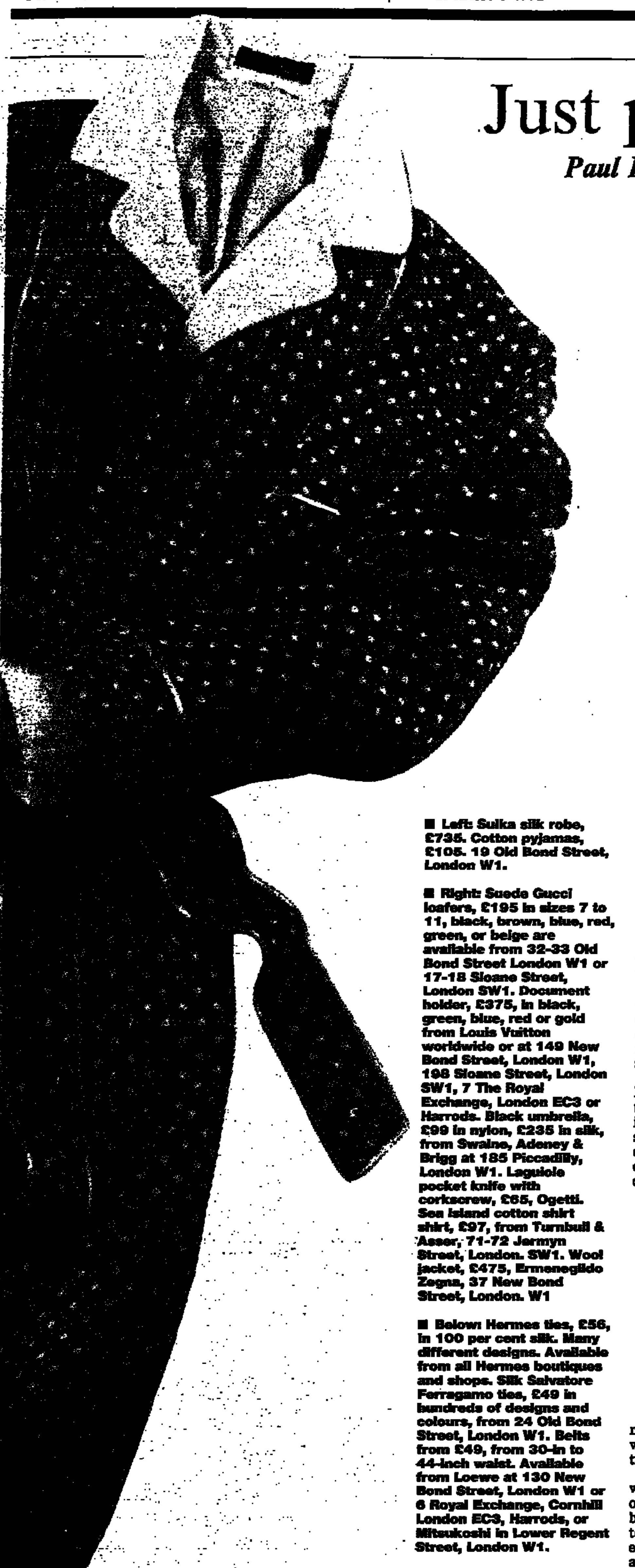
Patrick Harverson

The hub of a city: Herald Square in midtown Manhattan

FASHION

Just popping over to Paris for a tie . . .

***Paul Keer** looks at where the elitists of men's European fashion choose their clothes*



■ Left: Sulka silk robe, £735. Cotton pyjamas, £105. 19 Old Bond Street, London W1.

■ Right: Suede Gucci loafers, £195 in sizes 7 to 11, black, brown, blue, red, green, or beige are available from 32-33 Old Bond Street London W1 or 17-18 Sloane Street, London SW1. Document holder, £375, in black, green, blue, red or gold from Louis Vuitton worldwide or at 149 New Bond Street, London W1, 198 Sloane Street, London SW1, 7 The Royal Exchange, London EC3 or Harrods. Black umbrella, £99 in nylon, £235 in silk, from Swaine, Adeney & Brigg at 185 Piccadilly, London W1. Laguiole pocket knife with corkscrew, £65, Ogetti. Sea Island cotton shirt shirt, £97, from Turnbull & Asser, 71-72 Jermyn Street, London. SW1. Wool jacket, £475, Ermenegildo Zegna, 37 New Bond Street, London. W1

■ Below: Hermes ties, £56, in 100 per cent silk. Many different designs. Available from all Hermes boutiques and shops. Silk Salvatore Ferragamo ties, £49 in hundreds of designs and colours, from 24 Old Bond Street, London W1. Belts from £49, from 30-in to 44-inch waist. Available from Loewe at 130 New Bond Street, London W1 or 6 Royal Exchange, Cornhill London EC3, Harrods, or Mitsukoshi in Lower Regent Street, London W1.

ONE OF the pleasures for a man travelling to Europe used to be the opportunity to return with stylish clothing unavailable in the UK. Gradually, more items have found their way to Britain. But the ultimate wardrobe is a combination of classics acquired from Britain and the rest of Europe.

Wider ranges are usually available in a product's country of origin, while the original, continental flagship stores remain an experience in themselves. There are some exclusive, classic items, the finest in their field, which can only be obtained from a particular address.

Shirts, for example. The Englishman is well served by Jermyn Street, London, where Hilditch & Key, Harvie & Hudson, New & Lingwood and Turnbull & Asser line up, demonstrating that a crucial component of fine English shirtmaking is an ampersand.

But the Englishman abroad should still be tempted by a visit to the Jugendstil building in Vienna which houses the century-old company Knize – a tailor used by French entertainer Maurice Chevalier – famous for its hand-sewn shirts.

Battistoni, Italy's most celebrated shirtmaker, has served Gianni Agnelli, the Fiat chairman, and Gore Vidal, the author and style commentator, with custom-made shirts from its Persian-carpeted premises on the Via Condotti in Rome. Charvet, shirtmakers to Windsors, Rothschilds and Rockefellers since 1838, which sells bespoke and ready-made shirts from its premises on the Place Vendome in Paris, is still perhaps the most sought after. Customers are personally escorted in a tiny lift to the company's upper floors where ready-made and made-to-measure shirts are supplied.

Charvet's ground floor houses its fabulous selection of ties, another European status item. The language of the old school tie may be an English dialect but the colours of Eton or the Guards go unrecognised on the continent where the neckwear which whispers wealth and taste is the Hermes tie.

Its basic design, of tiny interwoven or repeated motifs, often marine or equine, has been imitated but never bettered. Ferragamo, from Florence, is the latest fashionable alternative, with colours a bit bolder and motifs a little more inventive. But the Hermes tie remains the international power tie. The finest selection, including bow ties, is on offer at the Hermes store on the rue du Faubourg St Honoré in Paris.

That flagship Hermes store also offers one of the most prestigious names in British footwear, John Lobb. In London, Lobb produces made-to-measure shoes, which, are among the best in the world. But at Hermes you can buy ready-made Lobb shoes, a strange twist on bringing home stylish items.

Paris also contains one of Europe's most prestigious ready-made shoe shops, JM Weston, on the Champs Elysée, where the styles are discreetly classic. However, in terms of identifiable styling, the Gucci loafer, available from the original Gucci boutique, on Florence's Via Tornabuoni, reigns supreme. This kind of light footwear suggests that your feet barely touch the ground between carpeted office and chauffered limousine.

Italy beats France by a short head when it comes to hats. True, Motsch et fils, the hatters on the avenue George V, in Paris, does have a fine selection of traditional styles, and a real understanding of what an Englishman can wear. But Borsalino, perhaps the most celebrated name in hats, combines tradition with a unique flair. Its original shop is on the corner of the Piazza della Scala in Milan, but the best stocked is on Corso Vittorio Emanuele II, where you can find everything from an Indiana Jones fedora to something more suited to the urban jungle.

A fine briefcase is clearly important to the Euro executive. It should fall somewhere between the lightness of an Italian Bottega Veneta, and the heaviness of an English Swaine, Adeney. Louis Vuitton luggage achieves the class which its brash monogram designs lack. Frankfurt is the home of Gold-Pfeil products. Its top quality leather goods, often in intriguing shades and colours, are rapidly gaining recognition.

If you do want something made in Spain, then one of the traditionally-tooled leather belts from Loewe, sold in Madrid since 1846, will bring a genuinely Castilian flavour to your wardrobe.

There is a tendency to inflate the reputation of foreign items which are hard to find in the UK, so the Laguiole pocket knife, from France, has gained cult status, simply because the Swiss Army knife is so easy to obtain.

Equally, there is a tendency to downgrade our homegrown creations. Yet, when it comes to bespoke tailoring, there really is nowhere to match London's Savile Row. There is Cifonelli in Paris, famous for its jacket shoulders, and there is Caraceni in Milan, which dresses Euro cognoscenti like Baron Heinrich von Thyssen and Karl Lagerfeld. But there is something about the sharper cut favoured on the continent which is off-putting to the well-suited Englishman.

For off-the-peg, however, you do have to go Italian. Immediately, everyone thinks of Armani, but his couture-level designs are now veering into an extremely relaxed style, inappropriate for many executives. Ermenegildo Zegna is much more discreet in its styling. Its comfortable, crease-resistant fabrics, and subtly patterned, and impeccably tailored suits, are ideal for international businessmen. At its store on the Via Pietro Verri in Milan, it offers some of the most sophisticated off-the-peg suits in Europe.

The green Loden overcoat has become a badge of the European intellectual. It is the only item of traditional Austrian apparel which has broken the Lederhosen image barrier, and the reason why it is worth visiting Lanz, in Salzburg, which makes the best in the world. Of course, inclement weather brings out the best of British with the Burberry raincoat, or the Brigg umbrella. Ironically, of course, half of Europe is trying to look like the English, from Italians in brogues and Prince of Wales check suits, to Frenchmen fixated on le style Anglais. Or, as Tom Wolfe observed: "At a certain level in the class struggle, once you pass a certain point, everyone dresses English."

Photographs by Tony Andrews. Stylist Paul Frecker

FOOD AND DRINK

Going to work on a wok

Nicholas Lander turns up the heat in a Chinese kitchen

ACROSS the divide which separated 250 noisy diners from hard-pressed kitchen staff came two unusual sounds.

The first was the giggling from 10 young girls who stood by the kitchen door receiving food from the chefs, assembling it on trays and thrusting it to clamouring waiters.

The second noise came from half a dozen washers-up, mainly women in wellingtons and rubber gloves, working as fast as they could. Rents are now so high in Hong Kong and the volume of dirty plates so much greater in Chinese restaurants (they can have eight sets of crockery in circulation compared to three in a western restaurant) that electric dishwashers cannot be justified.

There are enormous differences in how western and Chinese professional kitchens operate. In the west we prize the individual while in China the will of the individual is restrained for the benefit of the community. Hence, in the west, the tradition of great individual chefs from Taillevent onwards. Chinese cooking, in spite of its many changes, boasts no individual chefs of national fame.

Kitchens in the west are organised hierarchically and in a way that allows strong individuals to exert their authority. As a written order comes in, it goes to the head chef who shouts the details (known as the pass). On hearing the two phrases "Ca marche" and "Envoyez" the brigade goes in to action.

Sous chefs set to, calling instructions to lesser mortals such as the chefs de partie while the lowest of the low, commis chefs, hover on edge. The kitchen's other prima donna, the pastry chef, listens for the first dessert order.

The Chinese kitchen is bereft of such hierarchy. The person in charge at the Victoria City Seafood Restaurant in Hong Kong (tel: 827-9938), was the man cooking at the Number One Wok. About 5ft 8in tall, thin, wiry and with very powerful arms, he did nothing other than cook. He worked in front of six woks, powered by propane, controlling the temperature with his kneecaps and a lever under the range. This way of controlling the heat meant that all the chefs' hands were free to cook.

The chef's cooking utensils were simple. A large, extremely hot wok, groundnut oil and a large flat sieve with which he drained off all excess oil. He used large amounts of water, recycling it, to cool the range and a cooking technique that would terrify any amateur. Once the wok was hot and thinly coated in oil, he threw in the ingredients and then took the wok off the heat, tossing the contents as they cooked.

He could cook in this way during the one-hour lunch service (it lasts no longer to allow the diners to return to the stock market) because he never moved. When an order comes into a Chinese restaurant the No 1 Wok is the last person in the kitchen to see it.

The order is taken in the same way, in triplicate, with one copy to the cashier, one for the waiting staff and the last for the kitchen. In a Cantonese kitchen serving dim sum at lunchtime (and in Hong Kong 1m sit down to such a lunch every day) the order goes first to the back of the kitchen where the raw ingredients for each order are prepared.

Instructions for the steamed dishes – shrimp or beef dumplings, char sui buns, the delicious glutinous rice wrapped in lotus leaves – then go to a side of the kitchen which houses a row of steamers. These, at full tilt, resemble a scene from Dante's Inferno as the cooks appear and disappear behind thick clouds of steam.

All the ingredients for the dishes to be cooked in the wok make their way from the preparation area to the back of the cooks via a chain of expeditors. They pass the finely chopped ingredients in sequence virtually into the hands of the cooks and then whip the plates away as soon as they are ready. Lids on, they are passed to the gaggle of giggling girls who assemble the orders from both sides of the kitchen and make sure they are never without clothes pegs.

Economics are forcing certain changes. Soaring rents (new restaurants rarely open on a ground floor but invariably in a cheaper basement or upper floor) have led to the disappearance of the traditional dim sum trolleys. And, with 1997 so close, restaurants must repay their investors quickly.

■ Other outstanding Hong Kong restaurants: Yung Kee, 32-40 Wellington Street, Central, (522-1624), for their roast goose; Rainbow Room, Lee Gardens, Causeway Bay, (895-3311) for the best Peking Duck; Sun Tung Lok, Tsim Sha Tsui, Kowloon, (730-0288) for sharks fin exotica; Zen, Pacific Place, (845-4555) for modern design and cooking, Hunan Garden, Exchange Square, (868-2880), for hot spicy Hunan food, and The Happy Seafood Restaurant, Yuen Long, New Territories (472- 3450) for the very freshest seafood and, on a clear day, a view of China.

Outstanding food is available in many of Hong Kong's top class restaurants

Cookery

Teaching men to fend for themselves

BEFORE WE got married, my husband used to woo me occasionally with his cooking. He was a dab hand at such menus as asparagus hollandaise, baked sea trout with cucumber and new potatoes, and a salad of peaches in orange and lemon juice.

Blinded by love, I failed to notice what he has pointed out since – his repertoire ran to three or four menus only. This is as much as a chap needs to sail through social life, of course.

But if the aim is to gain enough knowledge and confidence to create variations on culinary themes, and thus become a fully-fledged cook, then a proper understanding of ingredients and cooking methods (rather than the mere learning of recipes by rote) is necessary.

The belief that every man should be able to fend for himself in the kitchen – and fend occasionally for others, too – explains why colleagues Lyn Hall, Lorna Wing and Roz Denny have decided to rescue non-cooking males in distress.

Next month, they will launch Bachelor Cooks, a course to be held in Fulham, west London, on six consecutive Monday evenings. (How sensible for them to choose such a time – Mondays are always low tide on the social calendar).

Classes will be limited to 12 and each lesson will take the form of a menu. First, it will be discussed and demonstrated by the three colleagues, then cooked by the bachelors working in pairs.

By 9pm, everyone should be sitting down to eat the fruits and meats of their labours. At this point, the party will be joined by a guest expert who will talk about, say, buying cheese or wine.

Sample menus will include Provençal filo fingers, honey-glazed roast chicken, basmati pilaf with green herbs, and brochettes of exotic fruits with crushed kiwifruit and gin sauce; and char-grilled vegetables with olive oil bruschetta, steak with red wine sauce and mustard butter, green salad with hazelnut dressing, and whisky syllabub with red fruits.

Each menu is, I gather, designed for two people. I imagine there will be instructions on multiplying them for a dinner party as, seductive tete-a-tetes apart, they are not normally the the sort of meals I would consider cooking for two (rather unsuitable, I would have thought, if a friend rather than a lover were coming to supper or for a single parent with a hulking teenager to feed).

The trio promise a very practical approach. Plenty of attention will be paid to shopping such as where to buy, how to recognise quality, and how to use bought-in foods in spectacular ways without feeling guilty. Some short-cuts will be encouraged, but only those that do not compromise fine results.

There will be help with those most vexed problems for the novice cook: unravelling the finer points of what can and cannot be prepared ahead without deterioration, and learning to organise timetables so that the various components of a meal come together precisely when you want them.

Each of the trio specialises in different fields. Hall is an ace tutor of classic French cuisine, on her own account and for Michel Roux at the Waterside Inn. Wing is a queen bee in catering circles, creator of deliciously witty and imaginative party pieces. Denny is a writer and television cook with a solid reputation for good, plain dishes expounded in a modern and cosmopolitan way.

TOAST-RACK TOMATOES
(serves 2)

For those who have not yet learned to boil the proverbial egg, here is a pretty and fairly substantial appetiser that involves no cooking at all.

For each person, you will need one largish (5-6 oz) tomato *with good flavour*. This is a tall order, I agree, but I hope Bachelor Cooks will tell you where good tomatoes can be bought. There is a good Pick-Your-Own market garden called The Green Landscape, in Hurst Lane, Egham, Surrey.

Remove the stalks and sit the tomatoes, calyx end down, on plates. Slice each tomato almost, but not quite, through to the base, rather as though preparing a stick of French bread in readiness to receive garlic butter.

Fan open gently and sprinkle sea salt, black pepper and torn basil leaves between the slices.

Take about 7 oz of mozzarella di bufala cheese. Cut slices to size and insert them into the tomatoes, like white pieces of "toast" standing in scarlet racks. Drizzle extra virgin olive oil between the slices as you insert them.

Spoon a little more oil over the top and scatter with more basil before serving. Lightly-toasted ciabatta bread from Marks & Spencer will do well for mopping up the delicious juices.

■ *For further information about Bachelor Cooks, contact Lorna Wing (tel. 071-731-5105).*

Philippa Davenport

Their world is an oyster

Jancis Robinson on the French brotherhoods devoted to eating

THOSE who missed a trip to France this summer, panicked perhaps by blocked autoroutes or drained finances, could experience much of the essential Frenchness of France for £35. This is the price of *Les Grandes Confréries de France*,* a new, privately-published guide to one of the country's identifying institutions.

These confréries are true brotherhoods, built not on personal commercial advancement but on greed of a purer sort. Although ritual is crucial to the 150-odd brotherhoods detailed in the book, their unifying theme is not masonic but, perhaps not surprisingly, gastronomic.

No wine is too obscure, no victual too mundane, no sweetmeat too slight to have an entire constitution, chapter of officers and roster of ceremonies centred on it. Here are confréries dedicated to a particular sort of macaroon, quince jam, choucroute, Cavaillon melon, pheasant terrine and tripes á la mode fertoise.

The confrérie exists to promulgate by gathering, and the typical gathering is a long ceremony during which new members are given an honorary rank and required formally to eat, drink, identify, or swear eternal allegiance to the comestible in question – followed by an even longer, and much more convivial, feast.

In a small village outside Albi, for instance, is the Order of the Stuffed Chicken, male members of which attain the rank of Coq et Chevalier and females that of Coquette Dame. The *mirabelle* plum of Lorraine has been defended by its own "consultat" since 1974 but the pumpkin paté of Millancay only since 1980, while the sausage of Muscadet was left to fend for itself until May 1990.

Most seafoods seem to have inspired their own brotherhood of enthusiasts, a high proportion of the confréries being centred on a particular oyster or scallop and one on the squid of tiny Bidart near Biarritz (ranks: Chevalier and Grand Pêcheur) Even the art of slashing the top off a champagne bottle with a sabre has its very own Confrérie du Sabre d'Or.

The author and publisher of this heroic and revealing work is Bernard Tardif, president and grandmaster of the Confrérie Gastronomique de la Marmite d'Or (golden stewpot), a sort of National Trust of the French table which resurrected an ancient royal company of provisioners nearly two centuries after Robespierre sentenced it to an extended siesta.

His book is not cheap and one ponders at first the luxury of printing at least one full-colour photograph on most of its 250 pages. But this is to overlook another vital aspect of life as a confrére: the clothes.

The French, more than anyone, believe the maxim that you haven't done it if you haven't dressed for it and this book provides glorious, nay sumptuous, proof of the French robe-maker's ingenuity. Each order has not only its own ranks, certificates and traditions but its own uniform, designed to add pomp to what might otherwise, just possibly, look a little silly.

Ideally, the robe should be floor-length, generous in cut (especially round the girth), vaguely evoke medieval heraldry (and, if possible, the product in question), incorporate a sash and/or clanking insignia and, of course, a hat.

Typical, and very smart, is the uniform of the Chevaliers de l'Olivier, based at Nyons in the southern Rhône.

Their velvet cloaks with matching olive-sprigged trilbys are, of course, in olive green (the regulation red bow tie surely not representing a pimento stuffing?), but the rig-out must be jolly hot at their regular meeting on the first Sunday of July.

One of the most fetching costumes is the emerald and shocking-pink satin smock and baker's bonnet worn by the Confrérie of the Saulxures Raspberry, founded in 1972. On the other hand, the brilliant orange robes and green striped headgear designed to celebrate the Cormery macaroon look as though they had just been unpacked for the photographer – but then, this confrérie was founded only in 1990.

It is not at all like the seriously charitable, and seminal, Jurade de St-Emilion to which I have the honour of belonging (as Dame) along with the claret Commanderie du Bontemps du Médoc et Graves, and the grand order of the burgundian snail (which, worryingly, does not feature in this book; but then, I was told when I joined back in 1977 that France already imported most of its snails from Taiwan) and the noble order of the trou normand (or mid-meal shot of calvados).

The oldest of France's confréries, the Jurade, can trace its roots back to 1199 and is based, like all of confrériedom, on a charter governing the administration of a part of France then under the English crown. So, it is possible that, without Albion, French life (and presumably Monsieur Tardif) would be considerably the poorer.

■ *Les Grandes Confréries de France is available only by mail from Bernard Tardif, 5 Allée de la Chevaleries, 37170 Chambray-les-Tours, France. FFr315 inc. postage.*

As They Say In Europe

Sophisticated louts

"WELL, IF you look carefully at what I said at the time, it was a fairly sophisticated way of trying to increase the pressure, in a variety of different ways . . ." Thus Lord Owen explained to a news conference in London how his earlier demand that Serbia be bombed could be reconciled with his new post as a neutral chairman of the Yugoslav peace conference.

We have clearly seen events in eastern Germany in a false light – as a story of unpleasant louts setting fire to refugee hostels when it was really a tale of sophisticated attempts to put pressure on foreigners.

Fortunately the paper of the old Solidarity trade union in Warsaw, *Gazeta Wyborcza*, got near the truth. Its correspondent, Andrzej Kaniewski, wrote, "The skill which the neo-Nazi mobs showed during the week in carrying out their actions and their apparent readiness to take further action against asylum-seekers, prove that they are anything but a band of street adventurers. In actual fact they are well-prepared and trained for street-fighting."

Kaniewski concluded that the reasons for the pogrom were not economic, but natural taste for dictatorship among the citizens of the former GDR, so long as "order" was kept.

The Poles have a special distaste for the citizens of the former German Democratic Republic after 40 odd years of "fraternal socialist friendship."

Now the Austrians are supposed to exhibit Germanic xenophobia only more so, so the Vienna press has done all it can do distance itself from German events and avoid being tarred by the Rostock brush.

Kurier wrote, "The mob rages on the street. The state finances are threatened, business is worried. Nazi thugs receive bourgeois applause. The news from Germany. It recalls bad times. And arouses the fear that such times might return." But *Kurier* concluded that democracy in Germany was strong, "but more in the west than the east."

For the French the events in Germany have become merely an adjunct to the Maastricht argument. Nobody in the "Yes" camp pretends that the proposed treaty on economic and monetary union is a good thing; argument consists of listing the dire consequences of voting "No".

Libération thinks both sides are playing the same game: "For one group, the proposed European Union consecrates German domination, for the other, it is exactly the opposite: a 'No' would provoke a fatal divorce between France and Germany putting the latter in the dominant position on the European continent."

But the paper came down on the "Yes" side, "because a 'No' victory would would end up by convincing Germany that the French have an opportunistic, egoistic conception of Europe, that Germany must sacrifice itself still more so that France can maintain the vain illusion that it governs the world."

There are few papers that espouse the opposite cause. Those that do originate from an odd or unsavoury point in the French political spectrum. Thus the communist *Humanité* accuses the "Yes" camp of outdoing itself in its "chaos blackmail." But it turns one of the arguments of its opponents on its head – "The idea that Europe cannot be made without France . . . UNIMAGINABLE! they shout in unison. And that is right." In other words there will be no 'Europe' without France so vote 'No' because otherwise there will be a "Europe of the great money powers dominated by Germany." The French will vote no, perhaps, because it is their last chance to play a decisive role in Europe.

It was all summed up in a glorious welter of metaphors in *Die Welt*: "In the struggle for the Maastricht vote, the house is set ablaze to grill a schnitzel. Both sides say they see demons at work in Germany; one group would tie it down, the others say one should not get under its claws. The political class is divided but a 'No' would be its Waterloo . . ."

James Morgan

■ *James Morgan is diplomatic correspondent of the BBC World Service.*

Slave to wind and wave

Andrew Anderson braves the elements in Shetland

THERE IS no escaping the wind in the Shetland Islands. It swings across the chill North Sea like an invisible fist, whipping spume from the waves, stopping walkers in their tracks and carrying off untethered objects: dustbins, picnic rugs, sheep, unwary tourists . . .

The locals seem to consider Force 7 on the Beaufort scale a mild breeze, although Force 10 is enough to make them mutter: "Aye, the wind's picking up a morsel." The Arctic terns, knife-sharp, gorgeously streamlined, ride the air currents like Top Guns. Puffins – dressed to kill in multi-coloured beaks, dinner-jacket bodies and stubby orange feet – blunder about like colour-blind gigolos. Only the Shetland ponies seem unmoved, grazing pot-bellied and content in rough pastures.

It is the remoteness of the Shetland Islands, far off the north-east of Scotland, that gives them their wild climate. They are slaves to wind, wave and weather, volcanic outcrops cast adrift in a great expanse of water. The convoluted coastline means that no point of the main island is more than three miles from the sea.

They are not as flat as their diminutive size might suggest, rising from the sea in craggy leaps to create a jagged cliffscape. The interior is rippled with hills, soft green in the South Mainland hardening to near-Arctic tundra in the north. The islands have no trees apart from a tiny, stunted copse that has become a tourist landmark: people drive up, leap out, point at a tree, have their pictures taken and drive off again, much to the locals' amusement.

The islanders – some 28,000 – regard themselves as Shetlanders first, British next and Scots some way behind that. They enjoy waving cheerily at cars, or passing the time of day. Shared interests, once unearthed, lead complete strangers to rummage in fishing bags to find you a top secret trout fly.

At the Sumburgh Hotel, standing solidly by the airstrip on the tip of South Mainland, everyone seems to know each other, and the "offcomer" oil rig workers, regularly grounded by fog at sea, stand out in the crowd. Jarlshof, the unearthed Viking settlement, is a few yards away and well worth a scramble among the stone houses and beautifully constructed underground chambers. Sumburgh Head is good for puffin-spotting.

Lerwick, the Toytown capital, can be covered in a couple of hours, but after the deserted countryside can seem like a metropolis. Lerwick is best known as home to the Up-Helly-A festival, a New Year shindig of Viking costumes, flaming torches, epic tale-telling, epic drinking and the ceremonial torching of a replica longboat in the harbour.

Tourism in the 17 inhabited islands is geared to the outdoors. Bird watchers will have a field day: besides terns and puffins there are gulls and guillemots, cormorants and oystercatchers and the thuggish great skua, or "bonxie", which dive-bombs any twitcher who strays too near its nest. Anglers can cast a fly in a different trout loch every day for a year – although the wind may cast it back at them – or try salt-water sea-trout fishing in the "voes", where a loch meets the sea. There is sea fishing, riding, sailing (for the brave: the sea is glacial) and wind-surfing (for Spartans).

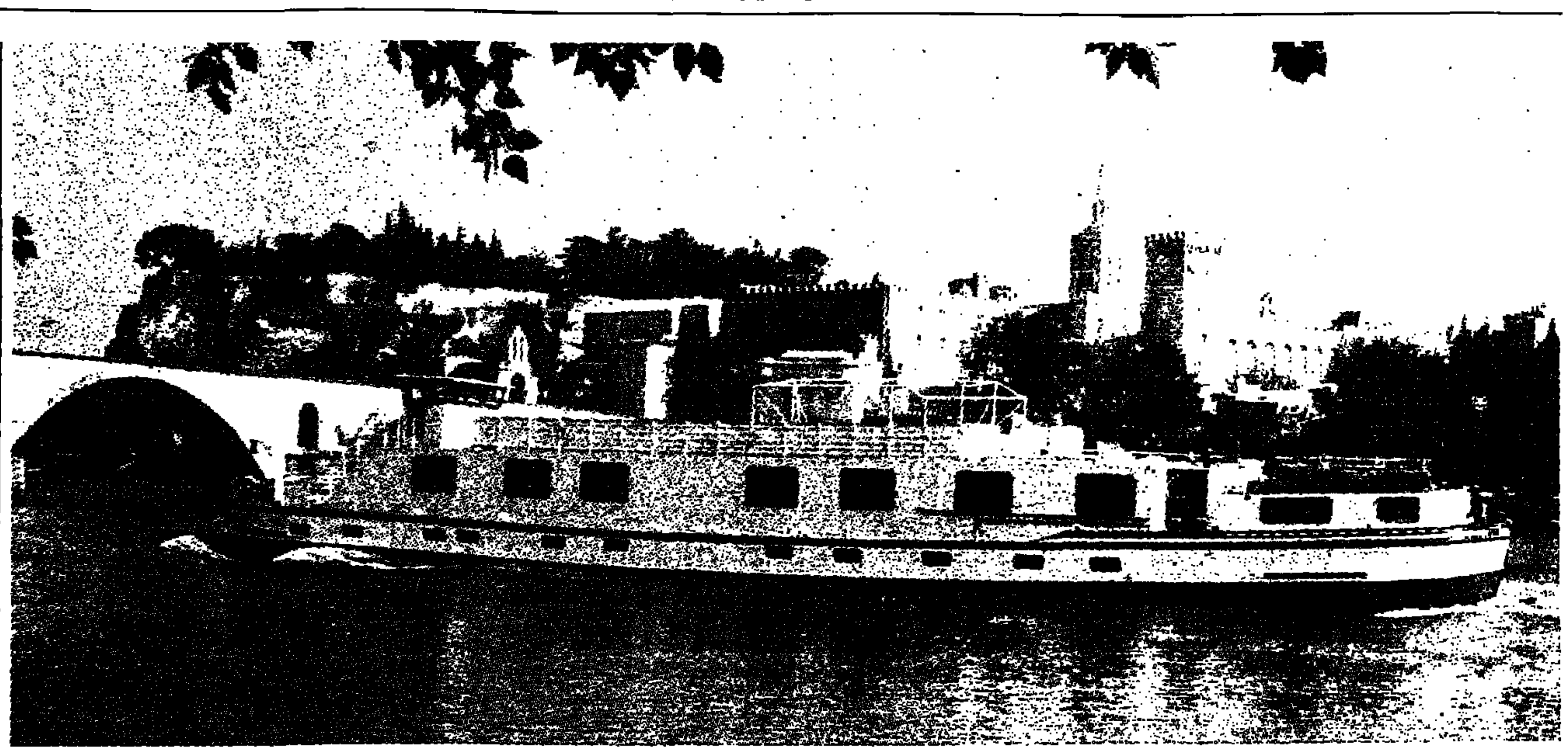
All land is common so this is a walker's paradise, especially on the springy turf of the cliffs from which one can watch seals sporting in the surf like aquatic labradors. The air seems scrubbed clean. A couple of hours strolling in a "mild breeze" is enough to wind-blast one to tingling exhaustion. St Ninian's isle is particularly recommended for walking, being joined to the South Mainland by a "tombola", a shimmering spit of white sand.

Being so far north, the summer months boast near all-round daylight, a time known romantically as the Summer Dim. Conversely, winter is as black as black, although the Shetland tourist board has baulked at calling it the Winter Dull. The benign Gulf Stream means that the islands are rarely very cold – but then they are never very warm, either.

Accommodation is plentiful, cheap and largely concentrated in bed & breakfast or self-catering cottages. Many of the island's purpose-built hotels are architectural horrors, but isolated Busta House – a former laird's home in North Mainland that claims to be Britain's most northerly luxury hotel – is well worth a trip. Its bar is warming, its walls feet thick and the library comfortable.

Busta's resident ghost – a woman wronged in love in the 17th century – was to be heard moaning in the corridors. Or perhaps it was the wind.

■ **Shetland tourist board: Information Centre, Lerwick, Shetland Islands ZE1 0LU, tel: 0595-3434. Busta House Hotel: Busta, North Mainland, Shetland Islands, tel: 0806-22506. A double room with breakfast costs £73 per person, a set four-course meal £19.50 each.**



MV Napoleon: a relaxing and luxurious way of seeing France – at £367 per person per night

A rich folk's cruise on the Saone

Michael Thompson-Noel enjoys a restorative (but expensive) experience on a Burgundian waterway

THE *MV Napoleon* is a river cruiser that generally plies its trade on the River Rhône, in France, between Lyon and Arles, or vice versa. It is 129ft long and 16½ft wide, and was converted from the hull of a freight-carrying barge built in Belgium in 1963.

Sounds like a plodder? Not at all, for the purchase and transformation of the *Napoleon* from barge to luxury passenger vessel cost $1.5m. As a result, its owners are confident that it is the most comfortable small river cruiser operating in Europe.

Which means that it isn't cheap. In the current high season (until mid-October), eight days and seven nights on the *Napoleon* cost £2,566 per person, with an extra charge for single passengers of £1,183 (total: £3,749). Even at low-season rates (October 21-November 11), eight days and seven nights on the *Napoleon* are priced at £2,196 per person (single supplement: £1,011).

I was aboard the *Napoleon* recently, not as a fare-paying passenger, I needlessly add, but as a non-paying guest accompanied by Miss Lee, my assistant. The only other passengers were a travel writer from *The Daily Telegraph* and *her* assistant.

None of us was paying. It was all buckshee. Which made me wonder, as we gaily cruised along, whether a venture like the *Napoleon* – a maximum of 12 passengers in six luxurious double cabins, *en suite* marble bathrooms, TV and video, air-conditioning, a palatial main-deck lounge, an 800 sq ft sundeck with a six-person Jacuzzi, perfectly decent food, flexible itinerary and a seven-strong crew of impeccable disposition – was inspired or foolhardy.

Inspired, I greatly hope, for cruising on the *Napoleon* must be one of the most engaging and relaxing ways of seeing France yet devised. The vessel mainly cruises on the Rhone, though my trip was on the Saone, a gentle Rhone tributary, pottering from Vienne to Seurre, near Dijon, a distance of 280km, via Lyon, Trevoux, Macon, Tournus and Chalon-sur-Saone.

Nothing could have been more soothing. The Saone cruise is particularly aimed at those interested in Burgundy's wine, architecture and pre-history. At £367 per night, the cruise is restorative and healing, with plenty of side-excursions.

The *Napoleon's* first season was last year, when business was sabotaged by war and recession. This year, Charterbarge, the company that owns it, is hoping for an occupancy rate of 70 per cent, of whom many will be Americans.

The president of Charterbarge is an Englishman, Gerard Morgan-Grenville, who lives in Normandy. Morgan-Grenville says that one of his life-long hobbies has been landscape painting. He bought a barge, the *Virginia Anne*, as a floating studio, and it was this that turned him into a waterway freak with an interest in the liquid history of Europe's rivers and canals.

The *Virginia Anne*, newly refitted, now takes private parties of four or less on the Nivernais canal in Burgundy. The complete voyage, usually nine nights, runs from Auxerre to Chitry-les-Mines. A third vessel, the *Fleur de Lys*, is described by Charterbarge as a "large, floating Champs Elysées apartment accommodating up to seven guests in unmeasured comfort."

The *Fleur de Lys* was launched in 1986, has three staterooms, carries a maximum of seven guests, has a small heated swimming pool on her foredeck and dreams along the Marne-to-Saone canal, also in Burgundy, through countryside virtually unchanged since the canal was built in 1863. A party of six chartering it for six nights in high season would pay £3,000 each; 13 nights: £5,334 each. If there were only two of you, the charge would be £9,000 for six nights, £16,000 for 13.

Most canal and river passenger boats in France are British-crewed and -run. The *Napoleon* is lucky in its crew, six of whom are British, led by skipper Mike Gardner-Roberts, 34, whose wife Lesley also works on board. The only Frenchman is pilot Thierry Martin, 27, son of a long line of bargees, who has worked on the Rhone for 13 years.

It must be pleasant to cruise the Rhone, which is France's fastest, most powerful river, second only to the Loire in length. In olden days, flat-bottomed wooden barges, often lashed together eight at a time, were pulled up-river by teams of 80-100 horses. By 1829, the journey down-stream, Lyon to Arles, could be done in 14 hours – much quicker than today, because of the monster locks with which the modern-day Rhone has been tamed, and slower current. The return journey took 88 hours.

On the *Napoleon*, meals are informal, dress casual. You can always discuss menus with the cook. A visit to a Michelin three-star restaurant for lunch or dinner is included in the itinerary. The tour prices quoted here include airfares from London, all meals, drinks and excursions.

The company states: "Our staff do not expect gratuities as a matter of course. However, if you consider that you have been well looked after and would appreciate a guideline on tipping, we would suggest approximately 5 per cent of the ticket price as a suitable gesture." I consulted long and hard with the *Telegraph* · 5 per cent of two ticket prices indicated a recommended gratuity of £256.60 per couple. "We're not rich," I told the *Telegraph*. "Even the tip would cripple us." In the end, we left £50 per couple.

■ The *Napoleon*, *Fleur de Lys* and *Virginia Anne* feature in a brochure, Europe Waterways, from Abercrombie & Kent Travel at Sloane Square House, Holbein Place, London SW1W 8NS, reservations: 071-730-9600, fax: 071-730-9376. The brochure also features the *Vertrouen* (Caledonian canal and Loch Ness); the *Actief* (River Thames); *L'Abercrombie* (river-plus-canal, Burgundy); the *Lafayette* (upper Loire and Briare); *La Litote* (Burgundy canal); the *Mark Twain* (Bordeaux or Midi); the *Rembrandt* (Holland and Belgium); the *Anacoluthe* (Seine and Yonne, between Paris and Burgundy); the *Normandie* (Seine, from Honfleur to Paris); the *Victoria Cruziana* (Rhine); the *Danube Princess* (yes, the Danube), and the *Hebridean Princess* (coastal cruising off western Scotland).

Motoring

A Mercedes to remember

Stuart Marshall laments the loss of his 190D 2.5 – a car of top quality built for adult motorists

HAVING owned and driven cars for more years than I care to remember, I reckoned I could look at any of them dispassionately. They are, when all is said and done, steel boxes on wheels.

But parting with the Mercedes-Benz 190D 2.5, almost exactly 12,000 miles (19,320 kms) and one year after driving it brand-new to Frankfurt for the motor show last September, has been a wrench. I shall miss the three-pointed star at the end of the bonnet, more than I had thought possible.

The 190D 2.5 that has served me faultlessly is that rare bird, an automatic diesel. Engine and transmission are matched beautifully. Driven with a light foot, it changes up silkily at under 2,000 rpm.

The 190D 2.5 is not particularly high-geared; 81 mph (130 kmh) on an autoroute represents 3,500 rpm. But the 2.5-litre, five-cylinder engine is so quiet that passengers often have needed convincing it is a diesel. Between 70 mph (113 kmh) and 100 mph (161 kmh), the noise level hardly changes. More than once, when enjoying music on a motorway, I have been surprised to find the speedometer needle has edged into the naughty 90s.

Automatic transmission is near-essential for the business motorist and air-conditioning – a boon during the sticky summer – a most desirable extra. But both absorb some power and do nothing for fuel economy. So, I rate the 35.94 mpg (7.86 l/100km) I have averaged over the year most satisfactory. During that time, the Mercedes has had plenty of very short trips and cold starts as well as long motorway hauls.

The engine is naturally-aspirated. (While there are turbo-charged Mercedes diesels, you cannot buy them in Britain because a right-hand steering column would get in the way of the plumbing). Its 94-horsepower output is modest for 2.5 litres – it is only marginally more than that of the 1.9-litre turbo-diesel in the Citroën ZX, and its torque (pulling power) is substantially less.

A two-pedal 190D 2.5 would not appeal to an impatient, forceful driver. In a traffic lights grand prix, it is no match for a company rep in a Cavalier L. Does this matter? Not to me. I learned long ago that dashing from one hold-up to another is always pointless, sometimes counter-productive.

The extra weight of the five-cylinder diesel compared with a standard 190's four-cylinder petrol engine does nothing for its agility on a winding road. But the up-side is that the car runs straight on a blustery motorway, brushes rough roads aside and, even by Mercedes standards, feels unusually solid and enduring.

A 190D 2.5 is for adult motorists – for people who admire top build quality, want doors to close with a soft thud, and expect a car to drive like new when it has at least 100,000 miles on the clock.

Mercedes virtues are more easily perceived than described. It is a bit like trying to put into words the difference between cast-iron and plastic baths; leather riding boots and the cleverest moulded ones; wood-grained laminate and oak panelling.

The real thing simply feels, looks and works better and grows old more gracefully – and none more so than the 500SE bought new by a Cambridgeshire company director, Michael Davidson, in 1984. This week, it is heading for 320,000 miles (515,000 kms) and is still running well. Apart from two new front springs, a fuel pump, water pump, battery and new sets of tyres every 35,000 miles (56,000 kms), all it has cost to run is petrol (20 mpg/14.1 l/100 km) and regular servicing.

He says it has become the family pet. I know how he feels. Many times in the past year, I have stepped out of some snappy, trendy test car and found that settling on the 190D 2.5's firm seat behind its big steering wheel was like being reunited with an old friend.

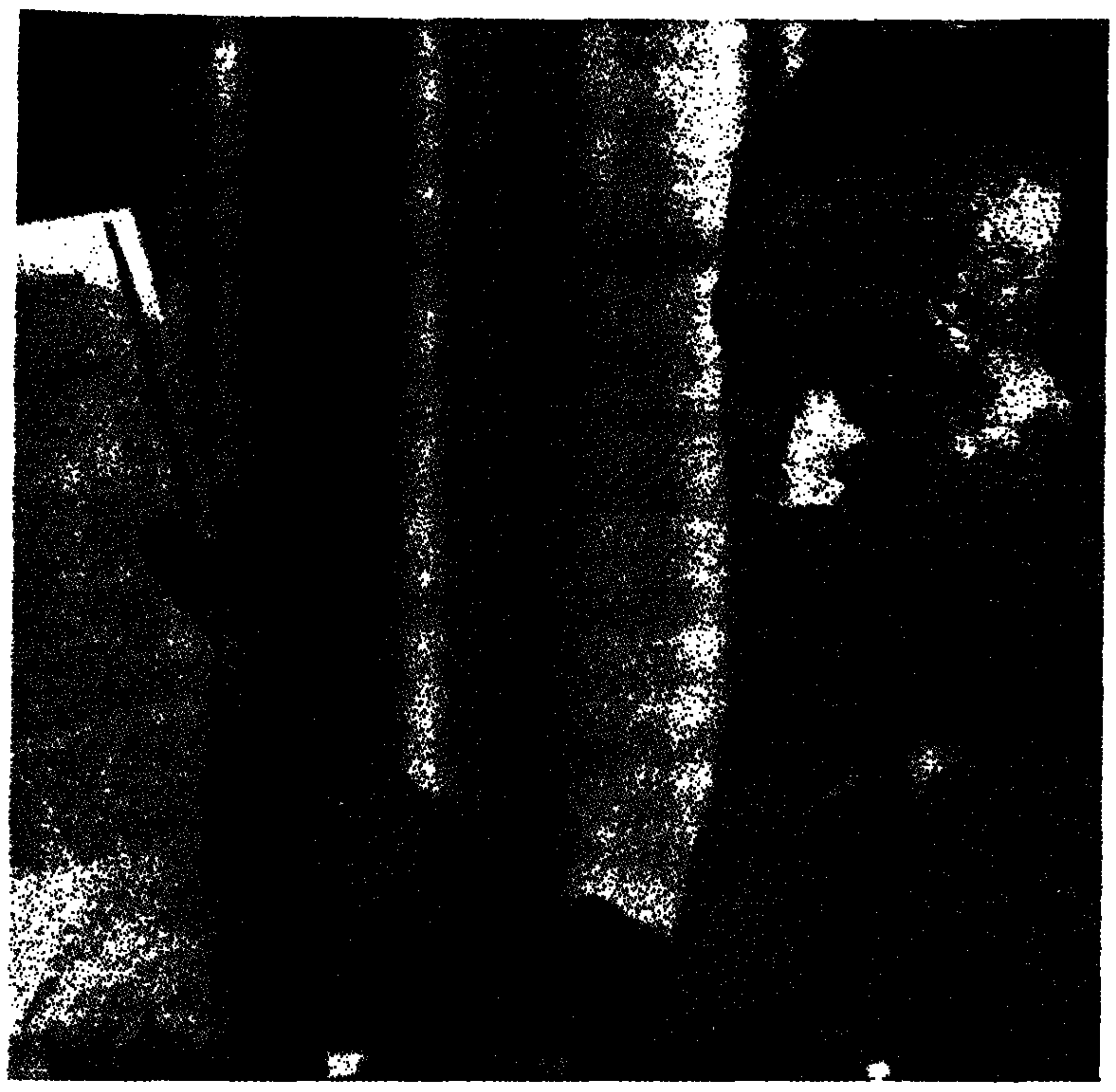
Of course, it is not a perfect car, just a very good one. Even with the driving seat set as low as possible, the non-adjustable steering wheel's rim partly obscures my view of some instruments. A convex off-side door mirror (like the nearside one) would reduce a blind spot that can be awkward when joining a motorway.

Rear seat leg-room is adequate rather than generous although the boot is enormous - it easily takes two golf bags in their trolleys and a week-end's luggage. And the car's nose-heaviness makes the front tyres work hard when cornering. Their outer shoulders are beginning to show enough wear to make tyre rotation worthwhile at the 12,000 miles service now due.

Apart from that – and a boot lid scraped slightly by someone's luggage trolley in the Gatwick airport short-term car park – the Mercedes looks and feels as if it had just left the showroom.

First cost of a 190D 2.5 is high. It is listed at £20,346, which includes power steering, electric windows and central locking. But its key-in-hand price with automatic transmission, air-conditioning, power sun-roof, stereo radio/tape, alloy wheels and exterior thermometer is closer to £27,000.

That is not the whole story, though. Few used cars are more sought-after or command better prices than a Mercedes. Given proper servicing it will last longer, depreciate more slowly and provide better long-term value (as well as better motoring) than almost any other car.



Spitting mad: Bobby Fischer holds a letter warning that his chess match violates UN sanctions

The dark knight returns, his strange genius undimmed

Bobby Fischer is back, still bad and still brilliant, writes ***Dominic Lawson***

AFTER 20 years' hibernation Robert James Fischer has proved that, whatever powers he has lost, he has not lost the power to cause offence. His remarks at the press conference at the outset of his return chess match with Boris Spassky were vintage Bobby.

As *The Times* reported: "Time has not mellowed his eccentricity. Judaism, Israel and the United Nations all came in for fusillades. Fischer did, however, attempt to clarify the widespread assumption that he is, despite having a Jewish mother, a convinced anti-Semite. Not at all, said Fischer, with his usual loopy logic: "Anti-Semitism is a nonsense term because my understanding is that the Arabs are also Semites, not only the Jews. And I'm definitely not anti-Arab."

Fischer is still, though, a rabid Russophobe, calling all the top former Soviet players "criminals . . . the lowest dogs around." As for the American government, Fischer found that words failed him: he simply spat on a letter from the US State department requesting him not to play the match which, being held in Serbia-Montenegro, infringed the United Nations embargo against that country.

All in all, the ravings of a charmless and unpleasant person. And yet the next day Fischer, in his first chess game for 20 years, produced what I can only describe as a perfect work of art. He destroyed Spassky's ultra-solid position by a series of elegant manoeuvres all strung together by infinitely subtle mental pirouettes.

To the chess addict, and I confess I am one, it was an almost heavenly experience to witness the creation, move by move, of a 20th century masterpiece, which, if it had been a painting, only the Getty museum could afford. Above all there was the stark contradiction between Fischer's crude and unpleasant political posturings, and the flawless beauty and integrity of his inner thoughts, made visible on the chess board in Sveti Stefan.

For some reason we do find it very difficult to accept that the genius can also be a clown, or worse. Perhaps it arises from the popular view that true genius is a rare gift from God, and that someone touched by Divinity can not also be touched by the Devil. Peter Shaffer made this the theme of his play Amadeus. The main character, Salieri, an ambitious and devout hack court composer, could not accept that the sublime music of Mozart emanated from a man whose character in all other respects was crude and jejune. So Salieri lost his faith in God and murdered Mozart.

Strangely, literature has also touched on this theme in the context of chess. Stefan Zweig's story *The Chess Player* is in part an account of the supremacy in chess of a crude peasant, Cvetkovic, a man totally devoid of any culture. For Zweig, a fleeing Jew writing at the outset of the Second World War, Cvetkovic was a symbol of the dull and philistine power destroying everything he cherished. Zweig committed suicide before *The Chess Player* was published. I wonder what Fischer would make of it all, if he ever bothered to read *The Chess Player*.

It is of course, naive to think that what we call genius is simply a gift, whether God-given or simply genetically inspired. Fischer's creations are the result of a fantastically single-minded study of chess from a very early age.

Consider such other sporting "geniuses", as Nigel Mansell and Nick Faldo. Like Bobby Fischer, they are completely driven men. And while Mansell and Faldo, unlike Fischer, have managed to marry and start families, it is still clear that they are difficult men, frequently self-centred and charmless. For some reason sports addicts find this very difficult to accept. Racing fans want to believe that Nigel Mansell is a "great guy", and golf fans want to believe the same of the prickly and (sometimes) offensive Faldo.

George Orwell touched on this strange human weakness in a brilliant 1944 review of Salvador Dali's autobiography, *The Secret Life of Salvador Dali*. At that time the book was considered far too obscene to be published in Britain, and indeed Orwell's review of the American edition was also banned in this country.

Orwell himself was disgusted by Dali's necrophilia and other warped sexual obsessions, but at the same time insisted that Dali "has 50 times more talent than the people who would denounce his morals and jeer at his paintings."

Yet Orwell noted that those who admired Dali's work could not accept that the man was depraved, and those who thought the man depraved could not accept the brilliance of his draughtsmanship. Such people, Orwell said, are "unable to admit that what is morally degraded can be aesthetically right." That telling phrase encapsulates the paradox of Bobby Fischer.

■ *Dominic Lawson is editor of the Spectator.*

I'm dreaming of a white autumn

Robin Lane Fox on how he plans to keep the white flag flowering until the first frosts strike

ETCHED on every ambitious gardener's mind is the image of white flowers, set against dark green hedges and shown off in the cool of a summer evening. No doubt it has been deeply etched on those of you trapped in a freak European summer, where the swimming-pools turned green, the children nearly suffocated, and the railway lines melted in the extreme Italian heat. Back in England, the railway lines have other problems; swimming-pools will be swimming-pools, but the gales and sudden coldness have not wiped out the image of pale flowers as the garden turns peacefully towards autumn. White gardens now stretch far beyond their famous model at Sissinghurst Castle. It takes skill to keep the white flag flying in September and, personally, I relish the challenge.

By early autumn, white flowers are widely believed to have gone into retreat. White corners are a tangle of old campanulas; white roses are out of season; and the white flowers on the giant crambe have vanished, leaving a mass of leaves like yellow cabbage. The best white flowers are not a soft colour which needs to be segregated. They can easily compete with yellows, deep blues, and especially strong reds. I would rather use them at intervals round a small garden, especially in the darker setting of a back garden in the city: they are more impressive if they are not isolated.

This year, any expatriate would pine for some of our Japanese anemones, which are flowering madly after a summer with so much late rain. They ought to be a town gardener's first choice for a welcome home after the summer holiday. They will put up with dry shade and life in a narrow bed below a London wall. They need a few years to give of their best and should never be judged by their first two seasons' performance. I have compared the varieties carefully and I am convinced that it is worth paying more for the white form with the biggest single flowers. Geante des Blanches is its true name, although this lady giant sometimes turns up as White Queen. I see no particular merit in the double forms. The single whites are a godsend and, after a few years without disturbance, they spread prettily.

Below them, at a lower height, I recommend the Gaura lindheimeri, which I have grown to maturity in its second year from a seed packet. Probably, it ought to be tied to a stake, but I have let my young plants fall with their white flowers sideways, like a graceful form of willow herb. Anemones hold themselves upright, but Gauras throw themselves around very prettily. One danger is that a hard winter will kill them off.

At intervals beyond these two fine plants, you need spires and spikes of white. The spires are best found on the tall veronica virginica, which has been hidden from most of us under the new name of Veronicastrum. The spikes are best on the Cimicifugas, whose flowers are like white bottle-brushes and whose stems develop best in a semi-shaded bed which is not too dry. These plants have the great advantage of being tall, up to five feet in good conditions: neither of them is gleaming white, but they have a style which is still under-exploited.

Beyond these leafy border plants, you need white shrubs with density and a higher volume of flower. The robust white tree mallow, Lavatera Barnsley, is an obvious choice nowadays wherever the garden can run slightly out of control. Hardy white fuchsias are another possibility, often forgotten for their ability to put up with shade. White hydrangeas are more obvious and particularly handsome in this wet year: the best of the hardy forms is still Mme E. Mouillliere, although the more subtle style of the Lacecap varieties is superior.

This year, I have a new favourite, always listed but seldom seen in thoughtful plantings, perhaps because it seems too obvious. The white-flowered Obedient Plant is five times as good as its purple-pink sister: its dark green leaves set off obedient stems of white flowers to a height of about two feet. Its worst enemy is its name, Pysostegia Summer Snow, but I like to alternate groups of it with the white Penstemon Snowstorm, which took such a beating from its namesake last winter. At a greater height behind them, you cannot beat the best of the phloxes, the robust White Admiral, which flowers from July until late September, if you remember to dead-head it. There is something special in this variety's pale green leaf and breeding which gives it the vigour lacked by other phloxes in the pale-colour range. Breeders ought to investigate it.

Bright blooms: the model for white gardens at Sissinghurst Castle

White flowers without scent would be a poor half-measure. Many people complain that scent is almost unavailable later in the season, but they forget their tobacco plants and are among the hundreds of gardeners who overlook the easiest of white lilies, Lilium formosanum. If you sow seed of this variety in January, it really will flower in the first year of its life. It is extremely easy and is best managed if you pot it on by stages into six or seven inch pots. In late June, they can be let into gaps left by early varieties. Next week, they will join the last of the white tobacco plants and will spread a strong scent through the chill of early autumn evenings. Many town gardeners cram the lovely regale lily into pots for July, but forget to do anything about this lovely sequel, a lily which is happy on any good garden soil.

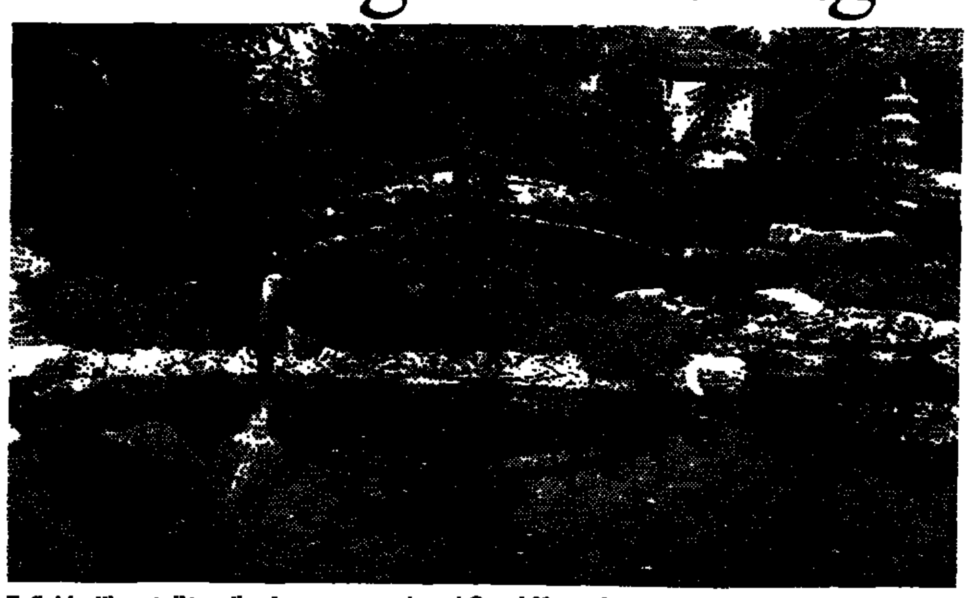
Lastly, I would play around with autumn crocuses. The blue varieties are well-known, but I have a weakness for the white-flowered Crocus speciosus albus, which soon makes a good clump in any light soil. The flowers will be showing in mid-September, but the leaves have to wait until next spring. Like all strong whites, they make a big impression in small, dense groups. The battle for colour is far from over, and it merely needs a touch of cunning to keep the flags of white still flying until frost finally forces us all to submit.

Japanese style in an English setting

ALTHOUGH the British involvement with Japanese gardens is very old, English gardeners have never tried to follow in any great detail the philosophical ideas which inspire much garden-making in Japan. Instead, Britons have either use garden artefacts from Japan or made imitations of them.

Quite often, these have been associated Japanese plants, but in styles of planting and design that are wholly British. The story often has been told of the Japanese dignitary who was taken to see a "Japanese" garden in England and made the wry comment: "We have nothing like it in Japan."

The latest example of a Japanese garden in Britain was opened this spring at Capel Manor Horticultural and Environmental Centre, Bullsmoor Lane, Enfield, Middlesex. It sets out to represent what Japanese gardening is all about. But, in visual terms, it falls short by attempting too much in too small a space, so confusing one type of Japanese gardening with another. It also uses reproductions rather than genuine Japanese ornaments and buildings.



Enfield willow-pattern: the Japanese garden at Capel Manor in north London

The 12-page folder prepared to explain and illustrate the garden is, however, excellent and contains a foreword by Dr David Hessayon which gives an excellent idea of the various styles of Japanese garden-making. He says the basic principles can be set out in 50 words. The Japanese garden, he says, is a place where the designer, with a selection of stones, sand, water, rocks, bamboos and/or plants, seeks to achieve a harmony between the *in* (low, dark, delicate, feminine, damp) and the *yo* (high, bright, strong, masculine, hard). Everywhere, the *in* must be balanced by the *yo*.

He explains all this in detail, and much of the rest of the folder is taken up by illustrations of individual details. The purpose of this garden largely is educational, and visitors seeking to learn from it evidently are intended to pick and choose what is relative to their particular needs and ideas and not to try to copy the whole.

I have no quarrel with this, but I think that most British gardeners would be well advised to do just as they have been for at least 100 years when employing the Japanese tradition – that is, to use it in whatever British surroundings seem to be pleasing. For me, there is nothing incongruous about the lovely, and genuine, Japanese rest house in the Batsford Park arboretum in Gloucestershire, nor in the life-sized bronze animals there which Lord Redesdale brought back from Japan to place at strategic points in the wide grass rides through the trees.

There are many fine Japanese tea-houses in British gardens, none more beautiful nor placed more pleasingly than that at Heale House, Middle Woodford, near Salisbury. This was built by Louis Greville early this century and erected by four Japanese workmen brought over for the project. It stands over two streams which cross each another at right angles, one passing under the other in a short conduit. There is also a red Nikko-style bridge and all around are lanterns and other Japanese ornaments. The whole is screened by trees and there are plenty of lush waterside plants, but there is no attempt to follow any Japanese philosophical idea. Nevertheless, it is beautiful and represents a style of garden-making which is very British.

The most extraordinary Japanese garden I know is in Ireland – at Tully House, Kildare. This was made by a Japanese specialist, Tassa Eida, between 1906 and 1910, and represents life from birth to death, a progression through tunnels, up hills, beside streams and across water. There is a tea-house in which the traveller rests before dying. It is beautiful and it seems to me to be westernised almost completely.

The most remarkable situation I know for a Japanese garden in Britain is outside the formal garden at Torosay Castle on the Isle of Mull, on the west coast of Scotland. It is exposed completely to the rough waters of Loch Linnhe and, on a clear day, you can see Ben Nevis. Here, you might regard the garden itself as all *in* and the landscape in which it is placed as all *yo*, but I do not suppose that whoever made it had that in mind.

Arthur Hellyer

Plant of the Week

Fuchsia Lady Thumb

An upright yet dwarf hardy fuchsia which is specially suitable for window boxes and containers because of its compact growth. The neatly-formed flowers have carmine sepals and a white corolla, a very keen and distinctive contrast. This variety could be paired with Tom Thumb which is similar in height and habit and has scarlet and mauve flowers. All hardy fuchsias can be planted outdoors and if covered with two inches of soil for protection are unlikely to be killed by frost. In many winters stems may be killed to ground level but should be removed in spring when new growths will appear rapidly from the roots..........AH

Fiction

Bringing the dead back to life

***Stephen Amidon** on a novel full of puzzling twists*

ALASDAIR Gray's *fourth novel* is constructed so cunningly that it contains excerpts from mock reviews on the dust jacket, one of them favourable, the other dismissive. The *former praises it as* an amusing piece of "light fiction," the latter slams it for belonging to the overworked genre of Victorian pastiche. The reader (and, alas, reviewer) are thereby forewarned – this is not a work that will yield itself easily to a final analysis.

Poor Things pretends to be two recently-discovered historical documents which Gray has "edited" by providing an introduction, illustrations and copious notes. The main body of the book comprises the memoirs of Archibald McCandless, "the bastard bairn of a poor peasant," *who goes to Glasgow* to study medicine in the 1880s. He befriends Godwin Baxter, the eccentric and grotesque son of a famous surgeon.

McCandless soon learns that Baxter has inherited from his *father the skill to re-animate* dead creatures, a skill which he has used upon the corpse of a beautiful, pregnant suicide. In order to mask her identity, Baxter has implanted her own foetus's brain into her skull, thus rendering her as innocent and malleable as a newborn. *He calls his creature* Bella.

McCandless falls in love *immediately* with this innocent but is deprived of her company by the jealous Baxter, who sets about educating her in the best traditions of the liberal arts and sciences. McCandless is further frustrated when the *passionate Bella decides to* elope with a callow seducer named Wedderburn, whose finances and sexual energy she proceeds to bankrupt with alarming insouciance. On their voyage, Bella is baptised in the cruel *ways of the world, bitter* lessons brought home in an Alexandrian slum and a Parisian whorehouse.

She returns to Glasgow to marry McCandless and dedicate herself to the poor, only to be confronted by the man to whom she had been married *before killing herself, an heroic* empire-builder named General Blessington. After avoiding narrowly his attempts to get her back, she embarks upon a life that sees her becoming a noted physician and socialist.

POOR THINGS
by Alasdair Gray
Bloomsbury £14.99, 317 pages

Readers who may have found all this a bit tough to *stomach are immediately* handed an antacid by Gray, who appends a letter written 30 years after these events by Bella (now referred to as Dr Victoria McCandless). She refutes her husband's story as a "morbid Victorian fantasy" penned by a frustrated sentimentalist *who seemingly could* not bear his wife's passions and achievements. This document is followed by a long series of annotations provided by Gray which lend equal credence to both stories.

Poor Things is a lively and witty read, erudite without *ever being onerous. Fans of the* pastiche genre will find much in which to delight, with echoes of Mary Shelley and Shaw scattered throughout as well as telling satire of both Victorian imperialism and early social*ism. Bella herself is a fine cre*ation, a prototypical feminist whose "menstrual cycle was in full flood from the day she opened her eyes, so she has never been taught to feel her body to be disgusting or to dread what she desires."

In the end, however, it is *hard to know what to make of* the whole enterprise. One waits in vain to find out who is telling the "truth" and what this "truth" could mean. McCandless might be a slightly deranged bore but he is no less *credible than the Fabian crank,* Victoria.

Although Gray claims in his introduction to believe Archie's account, he refuses either there, or in his copious notes, to provide the decisive clue. One is left to guess the point of it all.

Is it that men cannot think of a liberated woman without *seeing her as being some sort* of monster? Or is it rather that truly socialist ideals are destined, like the older Bella, to deny their origins, to degenerate into crankery and insignificance?

Pastiche lovers and literary maze-walkers will enjoy puzzling over the answer. The rest will find *Poor Things* to be like McCandless's mysterious bride: something put together very well but kept alive by artificial means.


GODWIN BAXTER


THE AUTHOR


BELLA CALEDONIA


GENERAL SIR AUBREY de la POLE BLESSINGTON BART V.C.

The passionate power of mother love

Time and Tide is a tale of mother love, that fierce passion. Like so many of Edna O'Brien's heroines, Nell escapes from a narrow, suffocating existence – a bullying family in a rural Irish village – into the arms of an older, sophisticated man, a Rochester to her Jane Eyre. But he does not mellow with age. Years *later Nell flees again, this time* from her husband's tyrannical rule, and *she fights success*fully to gain custody of their children.

Her sons become an anchor in a precarious life: lovers take advantage of her generosity; her spendthrift ways leave her homeless and her honest notes to authors nearly cost her her *job in a publishing house.* But Nell's real struggle comes when her sons begin to free themselves of her love. One *turns to drugs and a girlfriend* hostile to Nell, while the other travels to Turkey. Nell fears she has lost them both but discovers, through her memories of her own loving but censorious mother, the binding power of mother love.

This is Nell's story entirely: *her husband, sons and lovers* seem to exist only in her vivid imagination. Yet, it is difficult to imagine her; we are imprisoned in her fantasies: her guilt over her mother's death, her fears that she is, as her husband says, a bad mother. Rarely does she step back from *herself, rarely does she peek in* the mirror.

This is an impassioned narrative, claustrophobic for the reader. *It isn't until we reach* the tragedy in her life that we *begin to empathise with Nell,* for she has been too close to us, too insistent, her life story too impossible to believe.

We grow impatient with her; she seems never to follow her instincts and is unbearably *impractical*, romantic when she should be hard-headed, cruel *when she should be* indulgent. Yet, by the end of the book O'Brien has won us over, for her writing is fluent *with a beauty which is never* self-conscious, a passion which never engulfs its wisdom.

TIME AND TIDE
by Edna O'Brien
Viking £14.99, 326 pages

SIN
by Josephine Hart
Chatto & Windus £11.99, 164 pages

The heroine of Josephine Hart's *Sin* has let one dark passion dominate her life: "Goodness is no longer a respectable aim in life. The hound of hell, envy, has driven it from the *House." Ruth has always felt* that her cousin, Elizabeth, usurped her place in the family. Orphaned as a baby and adopted by her aunt and uncle, Elizabeth became the first child, the golden-haired girl whose goodness could never be challenged.

Ruth, "who came wrapped in a caul of darkness and anger *into Elizabeth's kingdom,"* is the one with nightmares and vengeful thoughts about her surrogate elder sister. She *wanted not to destroy her but* to take her over.

As a child, Ruth steals her dolls; later on, she takes bits of her clothing, seduces her lovers, steals her husband and son and, in desperation and madness, wears a blond wig. But her hatred and her self-loath*ing – for those who envy oth*ers can think little of themselves – seem to bring a heavenly punishment down on both Ruth and Elizabeth when their sons drown in a lake on the family estate.

In this coldly-written Cain and Abel tale, Hart allows Ruth *only two moments of pas*sion – two outbursts, after which she is beaten down for, despite her dark machinations, she becomes the victim of her own obsession. But we cannot *feel for Ruth or Elizabeth; the* former is too cruel, the latter too dull, and the writing is so restrained and so elliptical that we are held at arm's length from the story.

In this short, bare novel, bereft of humour or irony, Hart's characters languish and *her ideas fail to germinate.* The most interesting question the book asks – does goodness spawn evil? – is hardly explored. *Sin* is caught between parable and novel, having neither the piquant wisdom of the one nor the humanity, the rich ambiva*lence, of the other.*

Wendy Brandmark

How Britain faced a bleak inheritance

SERGEANT Ernie Teal, of the Coldstream Guards, recalled 1944-45 in a conversation with Peter Hennessy in 1989: "When we got to Holland, we went to some of those houses in Nijmegen – flush toilets, nice gar*dens, they were just ordinary* people but so much better off than we were. I was flabbergasted. And when we got to Germany, I thought: 'These people have been living well under Adolf. We owned two-*thirds of the world* and we lived worse off than them'."

Teal had got to the heart of the problem facing the post-war Attlee government, a problem summed up more analytically by former cabinet minister Roy Jenkins (also quoted by Hennessy): "The inheritance was bleak. *Our nominal* membership of the triumvirate of world power was guaranteed by *our recent record.* But it was as unsustainable as it was temporarily incontestable."

NEVER AGAIN: BRITAIN 1945-51
by Peter Hennessy
Jonathan Cape £20, 544 pages

With the help of hundreds of quotations such as these, Hennessy has produced a vivid and readable account of Britain between 1945 and 1951. It is a period with a unique flavour; *one that looked backwards and* was dominated by its own recent past. In retrospect, much of what was attempted and done was directed more to tackling inherited problems than to building for the future.

Because of this, Hennessy spends more than a quarter of his book on what was happening in Britain during the second world war and in the 1930s. This is done well and means that the young or ignorant reader can plunge straight in and come away from the book with a fair and balanced assessment of the period.

Hennessy aims to get everything in – the economic crises, the creation of Nato and the National Health Service and the withdrawal from India, of course; but also cricket and football, the radio programmes of the day, the New Look. This sometimes makes for an *embarrassing superficiality*, as in his treatment of the literature or philosophy of the period. On the big issues, though, generally he exhibits an excellent grasp of the material, both published and unpublished, presenting it in such a way as to show the dilemmas and difficulties as they appeared to people at the time.

He has had, for example, the good idea of publishing the agendas for cabinet business in the first fortnight of the dreadful year 1947. Keeping in mind the enormous range and intrac*tability of the issues ministers* were trying to handle induces a proper degree of tolerance towards their failures and shortcomings.

What emerges? On the debit side, most notably, the contin*ual under-estimation by minis*ters of the UK's external bal*ance-sheet problem* (despite many incisive analyses by senior officials) and the consequent absence of any strategic approach to solving it. But there is much on the credit side: for example, the heroism *and imagination* of *Ernest* Bevin, almost single-handedly shaping the Marshall plan and creating Nato.

The first acts of the long tragedy of the UK's unwillingness to get involved with continental Europe until too late are well set out: the irrational *(but ultimately well-founded)* rhetoric of Monnet contrasted with the rational (but ultimately ill-founded) scepticism of British officials. Given the context, Hennessy is (surely rightly) tolerant of British behaviour at this point. But he warns that he will be (again, *surely rightly*) much less tolerant in his next volume.

Hennessy also plays fair in his account of the agonising decision to re-arm on the outbreak of the Korean war. He lets the officials most concerned explain eloquently why it was done and how, in the *light of Britain's relationship* with the US, it appeared *unavoidable. But clearly he* believes (again, I think rightly) that the result, at a time when continental and Japanese industry was just getting under way, was a terrible blow to the UK's export drive from which, in one sense, the nation never recovered.

This is a good book but it could have been an even better one. In the promised succeeding volumes, could we have fewer clichés, fewer reflections on the author's feelings and personal life, and fewer footnotes (there are 2,100 here, including references to Hen*nessy's own unpublished dia*ries)? On the other hand, could we please have a critically-annotated bibliography? The absence of any bibliography at all in a book of this sort is amazing.

Kit McMahon

Stranger than truth

JANICE Elliott's *City of Gates* (Hodder & Stoughton, £14.99) operates on the simple but often neglected principle that *fiction is stranger than truth.* The story of Daisy Herbert's adventures in Jerusalem appears at first to be an English-gentlewoman-abroad novel descended from Henry James and E.M. Forster, all high sensibility and comic asides. Then we meet Eugenia Muna, who keeps the guest-house by the Jaffa Gate and is reputed to have been there "forever." *This is no sim*ple over-statement, although it takes some time to realise what a strange turn things are taking.

Elliott freely mixes comic realism and something *which I hesitate to call* fantasy because its effect is so convincing, and lacking so completely in feyness. When first we are told that *"Eugenia only had to squint a little* and she could see David, weeping, barefoot, in flight from Jerusalem," we assume that this is poetic licence. But, as the momentum builds, we realise that something altogether other is happening, an intertwining of *the marvellous* and *the everyday* in which anything is possible.

Elliott gives several clues to the level on which *she is working, stating* clearly at the end of the first chapter that "...in Jerusalem, it is forever one time and all times: past, present and to come." Muna knows that "history is not a train, but water in a bucket. Slosh it around and anything *might slop over." She also knows that* the Gnostics hold intuition to be higher than reason; and it is in this sense that *City of Gates* is a Gnostic novel, neither mystic nor fantastic but obeying its own rules.

The result is an unusual combination of the universal and the intimate, conveyed through a succession of *scenes which are almost* as funny as they are touching. This is a most unusual and deeply-felt novel but it is never daunting, thanks to the lightness of its humour.

Another superb but very different achievement is that of Eugene McCabe in *Death and Nightingales* (Secker & Warburg, £13.99). This is an archetypal tale of love and betrayal and the brute latent in us all, set in rural Ireland in 1883. Beth Winters, the Catholic step-daughter of Protestant landowner Billy, is pregnant by one of his Catholic tenants, Liam Ward, and plans to steal Billy's gold and run away with her man. Her *mother, who died in a farmyard acci*dent, was already pregnant (although she never said by whom) when she married Billy – hence Beth's ambiguous position in his household.

He exploits her both as free labour and as an object for his drunken lust; yet, *there is still* some remnant of affection between them. Beth suspects that Ward is only interested in her for the gold, but even the reader is shocked when his real plans are revealed.

McCabe is also well-known as a dramatist, and one of the many remarkable things about this novel is the *way that everything, from the cattle* of the misty Fermanagh landscape to the birds that sing or keep silent, contributes to the drama. As Beth notes at her lowest point: "How extraordinarily beautiful the world could be and all the creatures in it, excepting mankind." Anyone looking for an explanation of the roots of sectarian hatred will find it here. *Death and Nightingales is the best Irish* novel to appear for a long time.

Remembering Light and Stone, the second novel by a younger Irish writer, Deirdre Madden (Faber, £14.99), is also full of good things but has a narrower focus. "I hate convenient, empty words," Aisling, the narrator, tells us right at the beginning; *and, as we get to know her, we find* that she is not the sort of person to accept any kind of cliché, whether it be about emigration, exile, national identity, youth, art, politics, nostalgia or love.

To say that the novel is about a young Irishwoman living and working in a small Italian hill village while trying to sort herself out gives no indication of the originality and vigour of Madden's approach to this commonplace theme, nor of her unusual *sensitivity. I read it on a long train* journey and felt as if I had made a new friend, passing the the time listening to an intelligent, honest and original contemporary. While I might not always agree with her opinions, she has a wonderful way of expressing them and has produced that most rare of artifices: a novel which is at *once highly literary* and, yet, immensely readable.

The latter is a quality associated closely with Maeve Binchy, along with a warm heart. She is on grand form in *The Copper Beech* (Orion £14.99), an expansive village saga which follows the lives of a primary school class in the small town of *Shancarrig from 1950 to the present* day. She has a fondness for tear-jerking sudden deaths but, that apart, she is a far sharper and funnier observer of changing times and morals than the saccharine TV adaptations of her works would suggest.

Alannah Hopkin

Odyssey? Watch this space . . .

HE is perhaps the only man in the world who can be designated unambiguously by a four-digit number. He drives a solar-powered Sinclair C5 scooter and he recruited George Bernard *Shaw to the ranks of the Brit*ish Interplanetary Society. He is Arthur C. Clarke, the author of *2001* and the colossus of science fiction, who strides through the pages of Neil McAleer's *Odyssey* with an oddly comical gait.

To McAleer's credit, he *makes clear in his preface that* this book is only a spectre of the one which might be written about his subject one day. Clarke's intimate personal journals, presently sealed in an iron box, may provide a biographer in a *distant* future with material to flesh out and bring his subject to life.

In the meantime, despite the "nine feet of print resources and dozens of taped interviews" which declaredly went into the preparation of this volume, Clarke as a character in these pages remains as remote and as lifeless as an asteroid.

ODYSSEY: THE AUTHORISED BIOGRAPHY OF ARTHUR C. CLARKE
by Neil McAleer
Gollancz £16.99, 430 pages

Stanley Kubrick, we are informed ominously in the same preface, is on record as pronouncing that "Arthur is not an anecdotable character." So, the tone is set for this altogether *too-timid* portrait of a man who, among other claims to fame, foresaw the rise of modern global telecommunications in his anticipation of geo-stationary satellites.

McAleer seems so unremit*tingly in awe of his subject* that the effect is to dull a topic which might have been fascinating. The text veers between *Pravda*-like pronouncements of Arthur's greatness and Boswellian dinner party snippets.

Martin Mulligan

A robust defence of reason

AMONG the conflicts which scar the world's human face, those that involve people bombing each other, *and the struggle to survive* nature's onslaughts, rightly absorb our immediate attention. Behind these, though – and detached from them, because it is a struggle with the proportions of history itself – is another struggle, profound and consequential because it shapes the long-term destinies of whole nations: even of the world. This is the struggle of ideas, expressing itself in *terms of ideologies*, politics, and the conceptual *frameworks which determine* beliefs and moralities.

Our understanding of the human condition, and the choices we make in managing the unruly and difficult complexities of social existence, are founded on ideas systematised into theories. Ultimately, it is ideas which drive people to peace or war, which shape the *systems under which they live,* and which determine how the world's scarce resources are shared among them. Ideas matter: and so, therefore, does the question of reason, by which ideas live or die.

In this elegant and perceptive book, *Reason and Culture*, Ernest Gellner addresses the enormously important issue of reason's role. *On one view, rea*son is the armament of ideas; it *is the weapon employed in the* conflict between viewpoints. *This suggests that, in some* sense, reason is an absolute which, used rightly, can settle disputes and guide us to truth. But reason so understood has always had enemies. One is religion, which claims that revelation from outside the world conveys truths undiscoverable by human inquiry within it. Another is relativism, the view *that different truths, different* views, different ways of thinking, are all equally valid and that there is no authoritative standpoint from which they can be adjudicated. In recent debates between science and religion, we see an expression of this underlying conflict between competing conceptions of the nature of reason.

REASON AND CULTURE
by Ernest Gellner
Blackwell £10.95, 193 pages

Gellner is on the side of the argument which says that reason, despite its imperfections and fallibilities, provides a standard to which competing standpoints must submit themselves. Accordingly, he is is *hostile to the fashionable* "post-modernist" views which say there are authorities more powerful than reason such as race, tradition, nature, or supernatural entities.

To mark the boundaries of this fundamental dispute, Gellner takes us through the history of views about reason, from Descartes to the present. *The result is a clear, sharply*-delineated history of thought. *It lays bare the essence of* rationalist optimism in early *modern* philosophy and proceeds to a robust anatomisation of anti-rationalisms, not least those versions which have come to hold increasing sway in the contemporary world.

Gellner's diagnosis of contemporary anti-rationalism is stimulating. Human traits and values once were thought to be *constants, he argues, but social* and other forms of engineering have *turned them into mani*pulable variables, with the result that we have lost premises from which to reason about aims and means.

He is tough on anti-rationalists. Their oracles "speak in nebulous and murky language and their pronouncements are allergic to clarity." He attacks 20th century "depth psycho*logy" as one form* of anti-rationalism, describing its doctrines as "nebulous, flabby and evasive" and its therapeutic claims as "baseless." His defence of reason is not unqualified, though. Human identity is more ironic and conditional than it once was, and less entitled to confidence. But still, reason remains our best help in seeking knowledge and it "enjoins us to treat each other equitably" so, despite its failings and limitations, we must cling to it.

More than 30 years ago, Gellner, now professor of social anthropology at Cambridge, offended academic philosopers *in Britain mightily* with his book *Words and Things*, an attack on then-fashionable "ordinary language philosophy." Ever since, British philosophy has been ungenerous to him, failing to acknowledge his qualities as a frank, robust thinker distinguished by an unswerving belief in the importance of philosophical debate.

It is true that, in the long-ago offending book, some of Gellner's *arguments* were unfairly polemical. But, on the evidence of this valuable and provocative defence of reason, it is clear that this quarrel within the tents of the Greeks must end; in the context of the wider battle in defence of reason, it has no further place.

A.C. Grayling

Lloyd's losses squeeze owners hit by recession

No crisis yet but crunch could be coming, says ***Gerald Cadogan***

THE HUGE losses incurred by Names (the members) at Lloyd's, the London insurance market, have not had a major effect on the property market. Not yet.

A few well-publicised cases – such as Pitchford Hall in Shropshire, which the National Trust could take over if the National Heritage Memorial Fund finds the money – have led people to think the crisis has arrived. But estate agents agree that this is not so although Justin Marking, in the country house department at agent Savills, believes the cracks are starting to appear.

The Lloyd's losses are only part of how the recession has hit the landed and nearly-landed classes, forcing them to put their houses on the market. Failed businesses are a more frequent reason, usually when owners have pledged the houses as collateral for bank loans or bought them in the company's name, trusting that expanding profits would take care of any over-investment.

Soaring maintenance costs (and no VAT relief on regular repairs) are another factor. But the worst is that agricultural income is only a dribble nowadays – if not an outflow – and has taken the price of farm land down with it.

Norman Hudson, consultant to the Historic Houses Association, says the effects of Lloyd's will not affect the large country houses that have been in the same family for generations as they are usually in entail and the "owner" is only a life tenant. Likewise, it is on receivers' instructions that Marking is selling two large estates: Herstmonceux Castle in Sussex (£5m) and Heveningham Hall in Suffolk (£4.5m). Again, there is no link with Lloyd's.

Free from serious trouble are the lucky (astute?) Names who were not in the disastrous LMX syndicates but aimed for lower returns from boring business like aviation and motor insurance. Some will have low losses this year – but many actually will have received a cheque.

There are about 22,500 Names in Lloyd's, the same as in 1983-85. Membership peaked in 1988 at more than 32,000, dropping slightly in 1989.

The Names who have borne vast losses for those years, and who still do not know what their eventual liability will be, are about 25 per cent of the membership. In the unlikely event that all had to sell their houses, prices would fall from their present low levels, but it would not be a market meltdown.

If there is an autumn rush to sell, the houses at risk are the old rectories and manor houses, and houses and flats in London, belonging to Names who entered Lloyd's during the 1980s when the threshold became more affordable, and enticing talk of "making your assets work for you" flowed through the shires.

Newcomers used their houses as collateral, not to Lloyd's itself (which would not accept a main residence as evidence of wealth) but to the bank which guaranteed their wealth (for an annual fee of £1,000) to Lloyd's. A high valuation of the property let the Name subscribe to a larger line of underwriting.

This system infuriates such suffering Names as Harriet Crawley, who asks why Lloyd's did not then inquire what the guarantee was based on. "If they are serious about getting people with greater means, you should not be able to put up a flat in lieu of money," she says. "The real question is: Have you got any money?"

The guarantees could pose a tricky dilemma for the banks. If Lloyd's draws down on these, do the banks pull the plug on the Names and sell their houses? Or do they encourage them to trade through now that Lloyd's is becoming a leaner, healthier organisation asking higher premiums and with tighter policy wordings on asbestosis and pollution?

While the banks ponder, they have begun quizzing Names more closely about the value of their property and chattels – even how much a wife's jewellery is worth.

Wiser (or luckier) Names who have been in Lloyd's a long time are philosophical. They can afford to be as, over the long run, they are still on top. And, rather than being guaranteed by a bank, their deposits will be in securities which are easy to sell (unless they decide to take a picture off the wall, or sell a cottage or some fields).

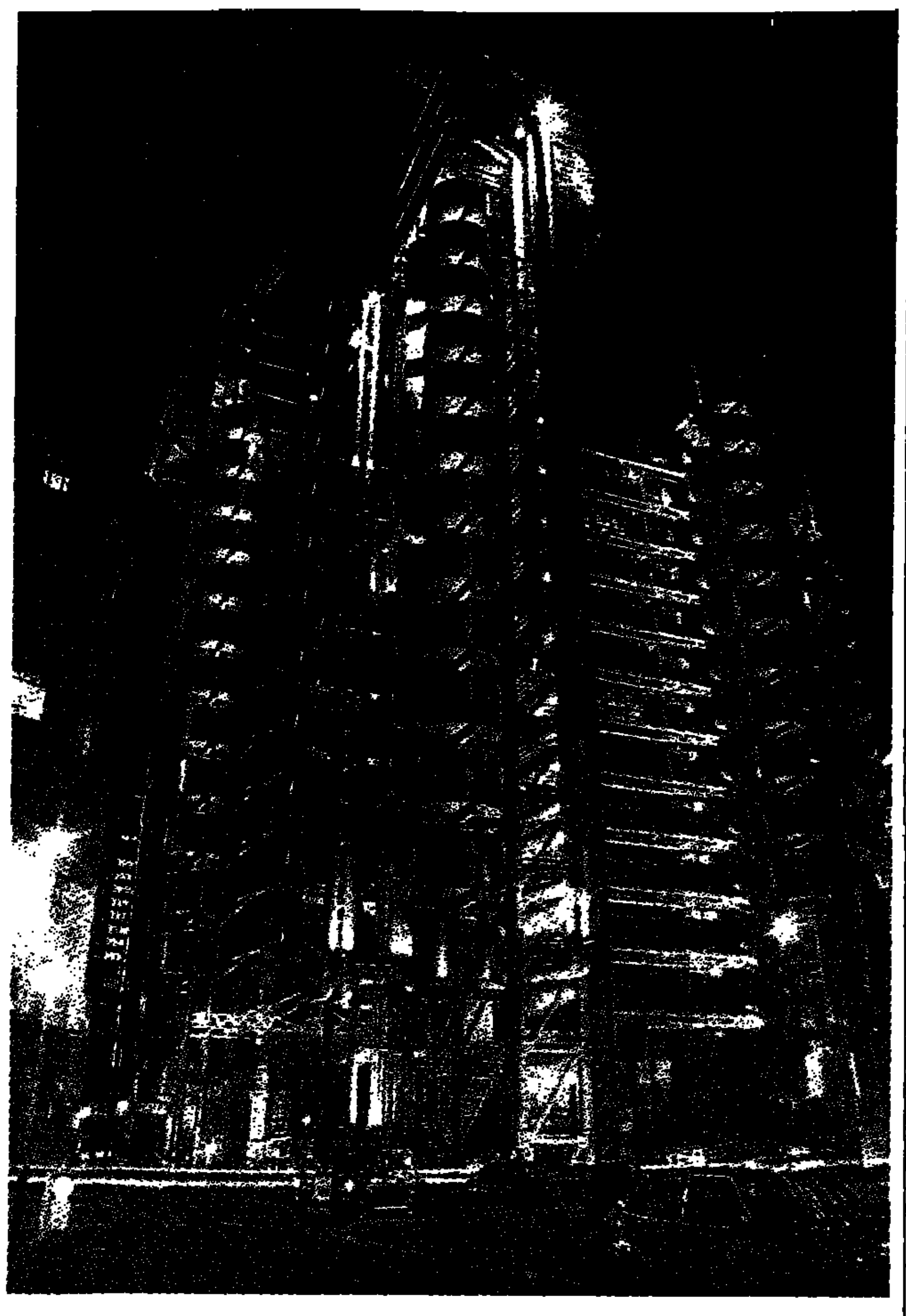
Such Names can argue that the property market fall was coming, anyway, and had nothing to do with Lloyd's. Values in 1988/89 were too high in real terms – and markets do correct themselves eventually.

Yet, while Lloyd's has had little effect so far on the British property market, it still could. No one wants to be forced to dispose of his house. But if trouble is on the horizon, it might be better to act now, even though the post-election price euphoria has vanished. Do not hold off for a better price, as it might not be there when the time comes.

A Name in Northamptonshire bit the bullet last year. Faced with selling his house or his farm, he got rid of the house in which he had grown up and squeezed into the ex-farm manager's house. He will farm when he retires from the City and, with Lloyd's bills still continuing, is glad now of the extra cash from selling early.

The estate agents insist that good properties will sell, even now, so long as the guide price is reasonable. But they are still harried by over-optimistic vendors who have not got over the 1988 valuations.

For most people, the effect is negligible. If you get less for the house you sell, you will pay less for the one you buy. The only loser is the Treasury, since inheritance tax valuations also have tumbled. But for the understandably angry Names who are stumping up to pay other Names for the LMX losses (as well as sharing in a massive transfer of wealth from the UK shires to the Middle West of the United States in the asbestosis and pollution claims), this is Cold Comfort Farm.



Michael Marden

Lloyd's of London, where the Names facing big losses do not yet know the size of their liabilities

Beauty of the real Majorca

MAJORCA'S image has much to live down in Britain. The Mediterranean island remains linked inextricably with "fly and fry" package holidays and excessive lager consumption; the idea of actually buying a holiday or retirement home there brings visions of beach-side boxes or apartment blocks surrounded by discos.

It is true that these are rather too plentiful, especially along the south coast around Palma. But Majorca remains a beautiful island and the government is making determined, if belated, efforts to up-grade existing resorts (notably, the notorious Magaluf). Also, it has introduced environmental laws to control further developments.

What, then, are the choices for potential buyers in the "other" Majorca? You could always try such trouble-free, sophisticated and exclusive developments as the golfing complex of Las Abubillas near Puerto Andraitx, or the Anchorage Club 8km west of Palma (with prices from £120,000 for a one-bed flat to £400,000 for three beds). But for a retreat from the mainstream tourist beat, turn your back on Palma.

The north-western mountains shelter picturesque spots such as Soller, Deia and Valledemossa; it is not surprising the area has attracted artists and celebrities from Chopin, George Sand and Robert Graves to Richard Branson and Michael Douglas. But forget any dreams of an unconverted barn for £15,000. While old farmhouses *(fincas)* and villas can be had, they are not cheap any more; indeed, *fincas* are now very fashionable.

"People love to say they have one and they're getting smaller every day," says Heather Langford of the Palma-based Agencia Hoz. For a restored property and some land, you are likely to pay at least £200,000.

Simple stone cottages and "town houses" can, however, be found for less. A few miles inland from Puerto Sollxer, the honeyed-stone farming village of Fornalutx perches among its olive groves in a verdant, terraced valley. A renovated stone house there, dating to 1700 and complete with orange grove, olive oil store and a ruined outhouse that could be converted, costs around £100,000.

In the same village, a typical Majorcan town house – tall, thin and roomy but needing an estimated £25,000-plus to restore – is available at around £60,000. But the charms of Fornalutx are gaining recognition; according to one local estimate, 30 per cent of the houses already are holiday homes or permanent residences for expatriates, mainly Swedish and English.

Thus, while there are interesting choices to be made, do not expect a cut-price bonanza for up-market property despite the market being depressed. While English trade (traditionally the backbone of second-home business on the island) has dried up in the past two years, house price levels have been maintained by rich Majorcans, well-off Spaniards from Madrid and Barcelona, and Germans and Swiss who still can afford a good thing when they see it.

There are bargains to be had, of course, but these are mainly in villa and apartment re-sales rather than new developments or old properties. Indeed, Mintegui, a Majorcan estate agency which acts for Humberts, the UK agent, reports: "Speculators are coming in, mainly from the UK, and making very low offers. And some owners do have to take them up."

Langford cites the £40,000-100,000 flat bracket as the hardest hit. Overall, though, she says: "We thought the economic crisis in England would have had a bigger impact but prices aren't dropping, except in odd cases." Many sellers, she adds, are prepared to sit back and ride the recession until demand picks up.

■*UK contacts: Humberts, 25 Grosvenor Street, London W1X 9FE; Mackenzie Wemyss, Stable Grange, Cliftons Lane, Reigate, Surrey RH2 9RA.*

Faith Glasgow

PERSPECTIVES

On the world's coldest mountain

***Rebecca Stephens** endured sleepless nights and numbing storms trapped in a snowhole 14,000 ft up in Alaska*

MOUNT McKinley, Alaska: at 20,320 ft, the highest mountain in the North American continent, and cold. By all accounts it is the coldest mountain of any range. And one of the most crowded.

Big mountains – the biggest – attract climbers in their hordes, and on McKinley in May there were scores, hundreds, who had flown in from gateways across the world. Of these, a good half would fly home having stood on the top. Or so said the book. "Don't be fooled, though," said a friend. "McKinley isn't a mountain to be underestimated."

These cautionary words from a veteran mountaineer rang in my ears, in a snowhole. We were stuck - unable to climb higher, unwilling to climb down - at some 14,000ft, forced by high winds to abandon our tents and burrow deep, like high-altitude moles, underground. Four days, maybe five we'd been there - I forget.

One nameless, numberless day merged into another in an unstructured sort of timelessness, in this northern land where darkness fell only a couple of hours in 24. But we were comfortable, if a little cramped, three of us lying prostrate one side of a snowy shelf on which we cooked, two on the other. The ceiling by now had sagged under its own weight and that of the falling snow so that sitting upright was made impossible. But we were warm, relatively so: the temperature hovered around −10°C. We ate and chatted, brewed drinks and read and slept.

Only sleeping was a worry. At night, snow drifted, blocking the cave entrance. No matter what we did, it drifted. We dug, built protective walls, troughs and tunnels. Come morning, the entrance was always blocked. We had a chimney, but this snowed over too, in spite of a protruding ski pole. What happens if one runs short of air? Does one wake? Or fall peacefully into a coma? I wanted to know.

Occasionally, we had to venture outside, for sanity's sake, or to use the communal, extremely exposed, loo dug in the middle of this wilderness by conscientious rangers in an attempt, successfully in the main, to keep the mountain clean. We were not alone at 14,000ft. There were 60 or so, in a large, snowy basin - Americans, Koreans, French, German, Swiss - all dug in, waiting.

Making steady progress: three of the climbing team at 11,000 ft on Mount McKinley in Alaska

That morning of the fourth - or was it the fifth day? - I woke early, my bladder wanting out. The boys were asleep. I pulled on windproofs over layers of fleece, not shed since I had set foot on the mountain. Boots, over-gaiters, gloves, hat, goggles, face-mask; I never left the cave with less. And a shovel.

Gathering my strength, I dived into the entrance hall, which by now had been excavated into an impressive 20ft long narrow, tunnel. I was forced to lie on my belly, digging somewhere above my head and having no choice but to shovel the snow back around my body so that I was cocooned, barely able to move.

Three times I retreated, and three times forced myself back, until, at last, I broke a window to the outside. But that is where I stopped. A storm blew fiercely. Spindrift swirled round me, masking my goggles and freezing my hands, and nothing in me could force my body through the tiny escape hole. I retreated, close to tears; I was angry and frightened, defeated.

It got worse, that day; or sadder. A fortnight ago there had been 12 in our party, enthusiastic on the lower, sunny slopes, and optimistic for the summit. Four had forked off as planned to climb the arduous Cassin Ridge, leaving eight of us on the less challenging, and more popular West Buttress; the "dog run", it's called. We could not fail.

It was three of our friends in the group of eight – Peter and Mike and Brian – who dug us out that morning. They occupied a neighbouring snowhole and we had hardly seen them in days.

They had bad news. The temperature outside, they said, was −38°C and the wind speed at least 80mph. least. It was the worst weather on the mountain in 30 years - my lifetime, damn it. And there were no signs of improvement. They, and Sandy, our doctor, too, had pressing engagements at home, and could not wait.

It was a sad decision, and a sad moment seeing them go. John Barry, the most experienced mountaineer among us, and our leader, roped them up and sent them on their way: "Just stood there watching," he said, "till they disappeared out of sight." We could only imagine them retracing our steps through the various camps to the landing strip at 7,200ft. By morning they'd be on an aircraft to Talkeetna , then Anchorage and home.

Just the four of us now – John, myself, Dave Halton and a young lad of 22, Paul Deegan; and that afternoon, of course, the sun shone.

"Should have persuaded them to stay," muttered John. Maybe. Maybe they would have done.

It felt so good to be out of the cave, stretching our legs and squinting all the while into the sun. So beautiful in the sunshine: white and clean, and warm. Sixty people enjoyed the same pleasures that afternoon, mingling and chatting away, as if in a park on a Sunday.

But it was only a temporary reprieve. The following morning, Bob, a down-suited American, fought his way through a storm and squeezed into our cave. "Heard the news? A Swiss guy, a guide, died in camp last night. Cerebral oedema." He went on: "And that's not all. Two bodies have been found on the Cassin, and three Koreans fell just here, on the Orient Express. All dead."

Six people. "Do you know what that makes me think?" said John. I didn't answer. "This whole bloody game's a waste of time."

But my mind was on the Cassin. Were they our guys, dead? "It's not Bill and Harry, or Smiler, or Brian. They're just too experienced." John's words. This unquestioning faith was all we had to hold on to.

For the first time I had serious doubts whether we would make it to the summit. Spirits were low. This mountain was a killer, and the winds continued to blow. We spent two, or three more days in that cave . . . and then the weather changed, for a day.

Just the motion of moving, upwards, pumped energy back into our bones. We travelled light now – just rucksacks, no sleds – up a steep 2,000ft climb on to the buttress; and for an hour or so the sun shone so fiercely that it seemed impossible that a storm could ever blow again, but no: the mountain threw us its worst once more, thwarting our chance of climbing the length of a ridge to an inviting plateau at 17,200ft.

We pitched our tents instead, short of the ridge on an exiguous, shark-fin crest. We had no choice, other than going down. The temperature was worryingly low; the wind, in gusts, knocked us to our knees, and when finally we succeeded in pitching our tent, the poles buckled and the canvas tore. We didn't sleep that night, uncomfortable in the knowledge that a tent, plus occupants, had been blown off this very spot.

And it continued, a second night and a third. We were tiring, and time was running short. Already we had missed our flight to London, and if I held on one more day I'd lose my job. Others had worries too.

What to do? That last possible day for an ascent and the winds dropped a little. The weather wasn't good, but it was fair.

We went for it.

Four thousand feet – from 16,000ft to more than 20,000ft – is a lot to climb in a day, when the air's so thin. The oxygen was half that at sea level, and we felt it. We moved slowly, painfully so.

"What do you think?" asked Dave. There was still a good way to go and it was late, and cold. Gloves weren't removed for fear of frostbite.

"I'm not turning back now," said John.

"Nor I."

We stood on the summit ridge of McKinley at about 9pm. It was perfectly clear. The Alaska Range stretched before us, with light cloud filling the valleys thousands of feet below. All was tinged pink and we were alone. And there wasn't a whisper of wind.

Footnote: Our friends were not killed on Cassin Ridge, we learnt at base camp. They started the climb, but retreated early in worsening weather. So John was right.

COLLECTING

Bargain times in antique country

***Antony Thorncroft** visits the Cotswolds where dealers are waiting out the recession with quiet resignation*

IT WOULD be stretching credulity to pretend that all is well with the dealers in the Cotswolds in south central England, the second greatest concentration of traders in important antiques outside London. The recession has hit them hard for two years. Turnover has slumped - and there are few signs of any immediate improvement.

But unlike London, few Cotswolds dealers have closed their shops. Most own their premises and their running costs are much lower than in London. They can survive on less custom and they have adapted to reduced circumstances. Many are working more aggressively to attract business. The factors which persuaded them to open in the Cotswolds - the relaxed pace of life, the beauty of the countryside, the proximity of fellow dealers and connoisseur customers - are helping them get through the quiet times with good-natured resignation.

Their main complaint is that fewer buyers are making the pleasant, speedy run up the M40 from London to the Cotswolds. In particular trade purchases have virtually disappeared. In the past the Cotswolds were a clearing house of quality antiques. Runners (who sniff out bargains from auctions and traders all over the UK) brought goods to the Cotswold dealers, most of whom are conveniently clustered in such centres as Stow-in-the-Wold, Burford and Broadway. These were then sold on to the London trade.

But now dealers, often under orders from their banks to cut back on their overdrafts, and with fewer customers to sell to anyway, have reduced their stock greatly. This is specially true of the interior decorators, who found many choice items of early pottery and furniture in the Cotswolds.

The Americans, the other traditional source of custom, have also become rare birds of passage. They have been falling away for some time. In the recent past the American desertion was made good by continentals but although there are still Italians and Germans passing through their numbers are down too.

The Cotswolds have also been hit by the troubles of Lloyd's, the London insurance market, and the collapse of the housing market. Many of the richest Lloyd's "Names" live in the area and in happier times spent their wealth on antiques; many more used the Cotswolds to furnish their second, country, home. They have stopped buying; indeed some are forced to dispose of antiques, causing problems for those dealers that guarantee to take back the goods they sell.

However, it is the dearth of new home purchases that has been most keenly felt, plus the problems of the luxury country hotels which were also voracious buyers of antiques. Many Cotswold dealers specialise in antiques that are ideal for furnishing country mansions: a revival in the property market would stimulate business.

Most dealers have come to terms with the recession. It helps that they tend to be general traders, concentrating on furniture, the sector of the antiques market which has held up best. The main casualties in London have been the picture dealers, especially those selling contemporary art. Most people do not need another painting, but they do need something to sit on or eat off. The Cotswolds have few dealers specialising in pictures and even fewer who stock the avant-garde.

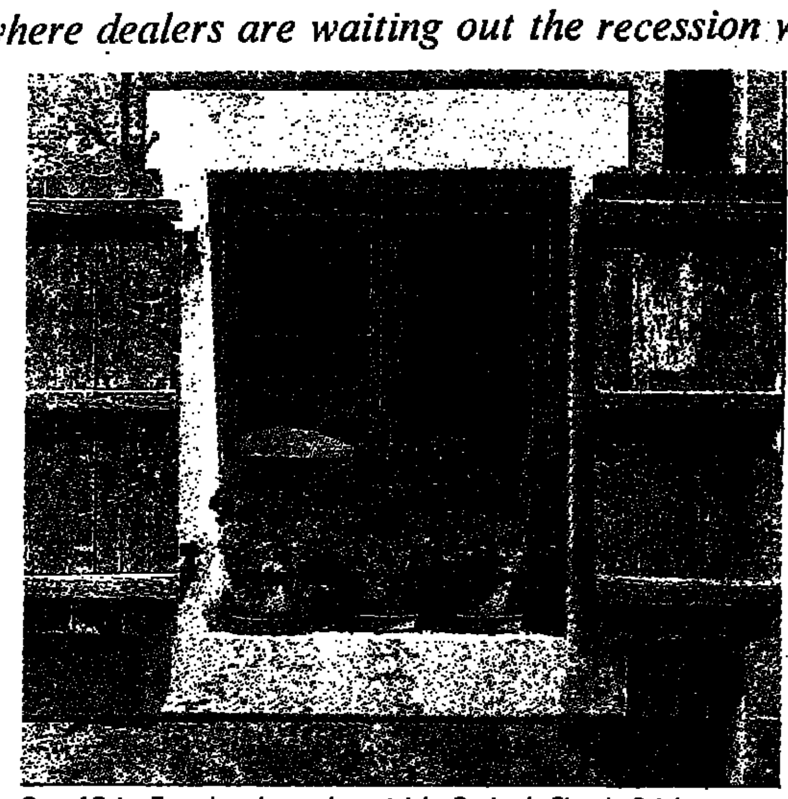
John Noott of Broadway probably has the largest stock of pictures in the region, ranging from the 17th century to the present day. "Now I only buy pictures I think I can sell; I cannot afford to buy for stock. Most of my business is with old customers. New clients who buy on impulse are very rare." Sales are perhaps half the level of two years ago and "I can't see many rays of hope. We need a return of the 'feel good' factor. Still, if you are cash rich and take a long view this is now a good time to buy".

Noott is thinking of closing his second gallery which concentrates on contemporary works, but will continue to sell contemporary paintings: "They are cheaper". Among the artists Noott will show at the 20th Century Art Fair at the Royal College of Art in London this month is his son.

By a nice coincidence the Swan Gallery in Burford, run by Dominic Pratt, is decorated with works by his father, Jeffery. Obviously keeping things in the family is cost effective. Pratt is one of the few Cotswold dealers who seems busy and buoyant. He concentrates on country furniture from 1680 to 1730. He pursues a policy of buying furniture of good colour at the right price and selling it quickly. His margins are lower but he stays busy.

Pratt points to a Queen Anne chest of drawers of 1710. "It is priced at £2,200. It would have been £4,000 two years ago. I will probably take £1,800 for it. That Charles II corner chair would have been £750 two years ago. It is marked at £475, and I might let it go for £400."

Undoubtedly prices are lower,


One of Peter Evans' works on show at John Davies in Stow in October

mainly because dealers are acquiring stock more cheaply, partly because they have reduced their margins, often from, say, 40 per cent to nearer 20 per cent. This should bring in buyers. After all, you can buy genuine 18th century items of furniture at prices lower than it would cost to make a reproduction.

It is impossible to tour the Cotswolds antique dealers without being struck by the bargains on offer - Victorian desks for £800; Georgian clocks for £1,200; a pair of Chippendale chairs for £6,500 (at David Pickup in Burford, who also has a three piece William Morris suite for £5,500).

There is also the knowledge that dealers will trim prices, or deliver for nothing, or take payment over a few months. This is especially true at warehouses such as Gateway Antiques in Burford, where the young owners buy the best pieces from the local auction houses, add on a small margin and expect to turn over stock quickly - three times a year.

Gateway sells at the lower and medium price range - up to £15,000. Duncan Baggott, who has a vast stock scattered through a clutch of sites in Stow-on-the-Wold, has antiques from £16.50 to £50,000. He is perhaps the bell-wether Cotswolds dealer, long established and a beneficiary of the 1980s boom. Three years ago most of his business was through his trade warehouse; now it is through his two shops. Then he might have turned his stock round five times a year; now he turns it over once. But it is more expensive stock: he has seen income rise and profit fall.

He also has to sell that much harder. When I met him he had just sent two items to London on approval: if they fitted well into the prospective buyer's home they would stay. Selling things on spec' is one way of helping to clinch a sale. Another is to take antiques in part exchange. Free delivery is also on offer. All the goods in Baggott's shops carry typed labels with their price and history: anything to keep the discounts down.

In a buyer's market, says Baggott, "somebody will offer £6,000 for an item priced at £12,000. I might settle for £10,500". Dealers margins are already squeezed by such expenses as higher bank charges and business rates and they cannot give too much away.

Stow, Broadway and Burford attract thousands of visitors a day in the summer - but they rarely buy antiques. The dealers tend to have a few jokey items that might catch their fancy. Baggott was offering 19th century Lancashire clogs at £65 a pair. He also had golf clubs for £50 or so, but anyone seriously interested in golf clubs and sporting memorabilia would know about Manfred Schotten's shop in Burford, which has one of the largest collections in the UK.

He has recently purchased one of the late 19th century bright red jackets worn by members of the Leicester Golf Club to show their presence on the course. He can offer golf clubs of the 1860s for £4,500; garlanded Eton rowing boaters for £200; and a rare and prized item, an 18th century real tennis racket for around £3,500. Business in this specialist sector has slowed. Schotten usually buys only with a collector in mind and sends out many more mailing shots to likely purchasers. You must hunt for business these days.

For Huntington Antiques of Stow this means buying in the US. Michael Golding finds that the weak dollar enables him to re-patriate some of the English furniture that went across the Atlantic in the 1930s. Ironically his best customer is an American collector who is furnishing his Missouri home with £250,000 worth of early English furniture, the Huntington speciality.

Many dealers can hardly be bothered talking about the recession and the lower level of demand. Of more concern are two other restraints - the attitude of the banks, and robberies. The local banks, under pressure from their head offices, are making things more difficult by increasing charges or reducing overdraft levels. Robberies are the unwanted hassle. Some dealers have been "ram raided", their shop fronts smashed in by cars. Some have been burgled many times and rarely are the antiques recovered.

But the dealers keep their spirits up. The Cotswolds Antique Dealers Association helps with promotion and encourages a feeling of co-operation. English furniture is now cheap compared with French and American antique furniture and the bargains on offer must be appreciated soon.

Anyone who lost interest in antiques when their prices rocketed in the late 1980s should take another look. Not only are prices considerably lower but dealers are willing to bargain: bank managers want sales as a sign of activity. Anyone feeling like a country break could do much worse than motor down to this bucolic region and window shop. I would be very surprised if they did not come back with at least one purchase.

Art in the agora

THE ECONOMIC climate might be deplorable, the art market stagnant, and French buyers prone to referendum jitters. But the Paris Biennale antiques fair, the most ostentatious in the world (and, many say, the best) is going ahead from September 18 to October 4 in the Grand Palais.

This year's show, the 16th, will house 120 exhibitors - including 17 from elsewhere in Europe but only two from the US - showing works which are vetted rigorously by experts.

Stands will be decked out with an unprecedented and unabashed theatricality in a set concocted by Italian stage designer, Pier Luigi Pizzi. The decor comprises a main circular space called an "agora" and radiating streets.

Opinions about the result, let alone the expense - said to be in the region of FFr5m (£520,000) - are divided. Some dealers - such as Paris Art Deco specialist Galerie Vallois, which is turning its stand into a mid-1920s' room with specially recreated silk wall hangings - have adapted happily. Others, such as tapestry specialists, are anxious that visitors will have no room to stand back and get a good look at their exhibits.

The list of exhibitors is impressive. There is a jewellery section and four leading French dealers in antique books. The Antiquaires a Paris group of dealers, which specialises in mainly-18th century furniture and art objects, is back in the fair for the first time since 1986.

Several other Paris specialists can be counted on to provide outstanding 18th century art; one, Jean Lupu, has designed a stand which looks like the inside of an Egyptian pyramid. Newcomer Carlton Hobbs, is the only British furniture dealer making the trip. He has planned a lavishly-curtained stand containing, among other things, a large Aubusson tapestry, late 18th century Russian furniture and several items of top English furniture of the same period.

Belgian dealer Axel Vervoordt, will have one of the largest stands divided into four rooms. Exhibits will include paintings by Klein, Fontana and Tapies; ancient Egyptian and Chinese art and a lot of antique silverware - "nothing flashy or show-off but things with soul," Vervoordt says.

Twenty-five stands will be devoted to drawings and paintings. Hopkins-Thomas of Paris, a specialist in mid-19th to early-20th century art is showing an unusual Fauve painting by Louis Valtat, circa 1905; an unpublished oil by Sisley of 1884-85; and three works by Impressionist artist Berthe Morisot, favourite model and sister-in-law of Manet.

Paris-based Old Master dealer Bob Haboldt includes an oak panel portrait of Edward VI by Stretes, and a rare still life by the 18th century French artist, Louis-Leopold Boelly.

Nicholas Powell

Good, bad, but mostly the same

***Alastair Macaulay** assesses the 'too similar' work of C P Taylor*

C P TAYLOR wrote more than 70 plays; this Edinburgh Festival has presented seven of them. On this evidence seven is more than enough. Taylor is not a playwright whose work benefits from being gathered together. Though each play has its own distinct character, there are too many similar dramatic devices and too many larger ideas in common. How many times have we heard two characters not conversing but carrying on an *alternation* of monologues? How many farcical situations have there been in which a central character is caught between the various aspects of his life?

Taylor's chief subject, it appears, was conflict of interest. He homed in on the areas where public and private lives clash; he made black comedy from situations where disinterested good intentions (especially within the same person) are defeated by selfish interests. He particularly enjoyed making his protagonist an artist (see *Good*, *Schippel*, *The Black and White Minstrels*, *Walter*) and showing how a passion for music is yet another of a man's private lives (see also *Operation Elvis* and *And a Nightingale Sang*).

It is often said that his best play is *Good*, and certainly it has been the best of this festival's seven. But – so suggests this festival – it is simply the ultimate version of the play he had written often before in different guises: the most deft treatment of the themes that run through his other work. There is no blacker subject for comedy than complicity in Nazi politics; and *Good* charts with some brilliance the absurd whirlpool of private interest that sucks John Halder, an initially amiable and well-meaning intellectual (forever haunted by music), into becoming the first Kommandant at Auschwitz.

Taylor wrote this for the Royal Shakespeare Company in 1981, the last year of his life. It seems probable that RSC conditions stimulated him to the top of his form. He was, by all accounts, a playwright who incorporated and utilised his cast's abilities; and, though I never saw the RSC production, I believe even now you can hear Alan Howard's delivery (he was the original Halder) in the lines themselves.

Not that the new production, by Glasgow's Tron Theatre, feels like a pastiche. Some of the actors employ Scots accents; the designer, Michael Boyd, has provided a semi-circular no-place-in-particular set, out of whose five doors characters keep popping. Conrad Squith's muted slightly dead about the eyes performance conveys much of Halder's fazed passivity.

Glasgow was Taylor's birthplace and the setting of several of his plays; Northumberland became his later home, and Newcastle-upon-Tyne the home of many of his premieres. One of these, the memory play *And a Nightingale Sang* (1977) is also set in Newcastle. As presented by the Northern Stage Company in a new staging by Alan Lyddiard, this turns out to be an adept kind of wartime soap-opera, half way between *Dad's Army* and *When the Boat Comes In*. What with "Me Mam" (obsessively Catholic), "Da's" or "Our George" (forever playing the piano) and the gloom-mongering grandpa, it is not far from *Bread*.

Set against these relentlessly stock types – and endless refrains of "Ee, sit down, yer daft ol' bugger" and "Joyce, man, I'm that glad to see yer" – are some more three-dimensional views of the younger generation. Joyce is pretty but scared of marriage and, subsequently, of sex; later, however, she is not sure which "feller" has caused her wartime pregnancy. Her sister Helen, one leg shorter than the other, is the narrator, plain, self-conscious and sensible. She welcomes love when it happens to her. Even when her lover turns out to be married with a child, she is stoically grateful for what love left her: new confidence.

What is most Taylorish about all this is the way these girls live their own lives against the insistent background of the war. It is one of his most deeply sentimental plays: a fact which Helen's apparent hard-headedness and the stereotyping of the older folk only help to underline. I too am a sucker for this kind of thing, but it is so close to umpteen television treatments of growing up in the war that I do not need to go to the theatre to see it. When Taylor was at his best, he interlaced politics and personal lives far more tightly; he showed his characters' reluctant complicity, duplicity, guilt. In short, he made *Good*.

The Tron production of *Good* at St Bride's Centre and Northern Stage's *And a Nightingale Sang*, at the Church Hill Theatre, both end their Edinburgh performances today.

The Pino Bausch Dance Theatre has made a welcome return to Britain after a decade, appearing at the Edinburgh Festival with Café Müller, one of her most celebrated and succinct pieces. It will be reviewed in the FT on Monday.

Off The Wall

A calm debut

Antony Thorncroft reviews the off-stage action

BRIAN McMASTER is that rare bird in the *roll call of directors* of the Edinburgh Festival – quiet and self-effacing. His calmness was invaluable in putting together this, his first Festival, with only six months' planning; it has probably helped to ensure that the festival, which closes today, has gone so peacefully. It should even reach its box-office revenue target.

The critics have already delivered their verdict on McMaster's four-prong programme. The Tchaikovsky glut of 30 pieces is reckoned a success, with some wonderful solo recitals; the crash course in Scottish music is regarded as a necessary sop to the locals; and, of the two playwrights put under the microscope, Harley Granville Barker was deemed interesting and worthy of more revivals, while C.P. Taylor will never enjoy such coverage again. The dance programme was good.

The rain hit the box-office, but about 65 per cent of tickets were sold and theatre takings are up on last year – satisfaction for McMaster, a music man, over his predecessor, Frank Dunlop, a theatre man. Unfortunately, the Festival has invested in a national tour of Barker's "The Voysey Inheritance," which has failed to excite the citizens of Woking. Losses here could destroy McMaster's hope of reducing his inherited deficit of £179,000 in his first Festival.

McMaster is entering what should be an encouraging future for the Edinburgh Festival. The new Royal Lyceum Theatre was open this year and proved a splendid asset; in 1994 Edinburgh at last gets its opera house, with the old Empire becoming the new Festival Theatre. Sponsors, and local authorities, and the Scottish Arts Council seem happy to contribute over 50 per cent of the £4.5m revenue needed to hold the Festival.

There have been disappointments. Cristina Hoyos was not very popular, and the Taylor plays suffered from opening cold. Next year should be better, with opera making a comeback, probably Janacek and Verdi involving Scottish Opera. Other lessons digested include organising more events on the busy Bank Holiday Sunday; greater efforts to attract overseas visitors above the current 15 per cent of customers; and another go at an all-embracing marketing umbrella *involving the Fringe, the film* and the TV festivals. It remains a reproach that about a third of the seats were not filled. The 1992 Edinburgh Festival will not live forever in the memory, but it was enjoyable enough at any level, and a great achievement, given the recession.

* * *

Among the sights of Edinburgh this week was David Mellor, the Heritage Minister, coming out of summer hibernation to score easy boundaries off an audience of arts worthies assembled at the city's new pride and joy, the hi-tec Traverse Theatre.

Mellor can say "no" – he has decided against saving intact the 15th-century timber-framed house, Pitchford Hall in Shropshire and its contents, because he recalls the disaster of government ownership of Hevingham Hall – but he said "yes" or "maybe" to most of the demands of the lobbyists.

Slowly his policies are taking shape. There are surprises. The Lotteries Bill will be presented to parliament this year and Mellor will fight any debilitating changes. By 1994 he expects lottery money to be boosting the arts. It seems that the existing institutions – the Arts Council, the Sports Council, the Museum and Galleries Commission – will allocate the funds rather than some new Lotteries organisation. And Lottery money will go towards revenue funding of the arts as well as big capital projects such as the proposed dance theatre for London.

After two years of subsidy increases way ahead of inflation the arts must expect a more modest improvement in grant from this year's battle with the Treasury. But Mellor should gain more than the proposed 3 per cent. The government still believes in the arts, and, compared with the other candidates for cash, a few extra millions here makes a big splash.

As for Covent Garden: in spite of press reports of icy glances Mellor and Jeremy Isaacs, the Royal Opera *House's director, enjoyed dinner* together at last month's Bayreuth Festival. Mellor, with memories of enduring a poor performance by Domingo in a £180 seat, still wants Covent Garden to become more accessible, but he is prepared to tackle the issue rather than pursue a personal vendetta against Isaacs.

* * *

The best farce at Edinburgh this year has been over the various awards, which now come fast and furious. Such gongs are useful in helping visitors choose between well over 1,000 shows on offer, but a comprehensive rationalisation is needed.

A Japanese entrepreneur, a Mr Hamada, has attempted to buy himself artistic fame, both by presenting his own plays at Edinburgh and by throwing money at the Festival. As well as donations to both Festival and Fringe, this year he is offering two prizes, each of £25,000, for what are judged the best drama and musical events. This pitches companies such as the National Theatre against the Mark Morris Dance Group, for the drama award, and Schoenberg's Moses and Aaron against the solo recital by the Russian mezzo, Olga Borodina. All the big splashy events have received nominations – but representation by the Fringe is limited. Those that have might get much more; those that need seem frozen out.

The most celebrated Fringe award, the Perrier, also needs overhauling. The money, £2,000, is too little, although the fame greatly increases the earning power of the winner – this year comedians Steve Coogan, working with John Thomson. The Perrier has dug itself into a hole by concentrating on cabaret and revue; its nominations are weighted towards the almost-famous, playing the big Fringe venues. It should try and hunt out rawer talent, or be all-embracing and give the money to the best act on the Fringe – even if it does not need a career boost.

Cellnet's attempt to make prizes more democratic by sponsoring an award based on the phoned-in votes of the public proved brave but doomed. It fell victim to lobbying, and in the end the judges overruled the people and chose the Cauld Blast Orchestra as the winner.

Shared aims and age-old traditions

EUROPE'S oldest music festival, the Three Choirs, outstrips Edinburgh by two centuries, its antecedents reaching back to the Restoration. The annual programme strives to maintain a balance between tradition and innovation, with large choral works its forte – a staggering number are mounted within the space of a week, with the conducting shared between the three cathedral organists of Worcester, Hereford and Gloucester.

This year's director, John Sanders, produced perhaps the week's outstanding performance, a Bach B minor Mass, in which all aspects gelled: precise chorus intonation, distinctive soloists led by Emma Kirkby, period-instrument clarity from the Brandenburg Consort.

The premieres were mixed. Alongside a slightly dull brass piece from Hugh Wood and an unexpectedly-imaginative anthem from John Rutter came Philip Cannon's A Ralegh Triptych, settings of three poems penned in anticipation of execution.The angularity of Cannon's spare A Cappella writing poses a challenge. That it came across well was due to the boys' alertness in tuning and attentive direction by Donald Hunt. Cannon merits unearthing: his Ligeti-inspired Quartet, Chansons for soprano and harp or the *Oraison Funèbre de l'Ame Humaine* for strings, all manifestly called for revival.

Despite a valiant effort by the tenor, Maldwyn Davies, a tiring Royal Philharmonic Orchestra just took the edge off Finzi's sumptuous Wordsworth setting, Ode to Immortality, whose word-painting is as delicate as Britten's. A different problem is set in Janáček's inspirational Glagolitic Mass. For all the flair in big climaxes, flat choral enunciation merge with a lethargic orchestral reading. The work has much in common with Janáček's pliant operatic writing, yet only John Mitchinson, the veteran tenor, found the required energy for its impassioned Gloria and Credo. The show was saved by Mark Lee, the young organ soloist, whose playing proved one of the distinctions of the week. The Royal Liverpool Philharmonic Orchestra rose to the Processional finale like an idle schoolboy runner who surges ostentatiously to the finishing line.

Of the visitors, Richard Hickox followed a scintillating Elgar Alassio with a Mahler Fourth Symphony of breathtaking indifference. But Michael Berkeley's ritualised, Messiaenic organ concerto (its inflections suggest a debt to Jehan Alain) easily proved its repertoire worth, with Thomas Trotter an articulate soloist. More striking was Meredith Davies conducting E.J. Moeran's cello concerto, eloquently played by Raphael Wallfisch, who has also recorded the work for Chandos. Davies's direction proved something of a revelation: he has been too long exiled from the podium.

Chief pleasure of a buoyant Fringe was Nicola-Jane Kemp's song recital, setting Schubert and Wolf alongside a new cycle by Gloucester composer, Christopher Boodle. There were two literary tributes. A new biography of Hubert Parry, harbinger of the English revival, was prefaced by an enthusiastic talk from its author, Jeremy Dibble, at Parry's own Highnam Church, Paul Spicer's lecture celebrating the centenary of Herbert Howells set the tone *for the week. Musical examples*, especially those from an earlier period, left one in no doubt that Howells' importance in the British canon calls for reassessment.

This summer also brought a new history of the Three Choirs by Anthony Boden, a canny sifter of anecdote, as his books on the Gloucester poets, Ivor Gurney and F.W. Harvey, have already shown. A sense of fun pervades *Three Choirs* (Alan Sutton, £20), whose meticulous research starts with the Civil War period and Restoration and supplants dry annals by a colourful, though never trite, account of the festival.

Roderick Dunnett

A farewell to Söderström

ONLY on the day did the news emerge that Elisabeth Söderström's late-night cabaret performance, at Edinburgh's Royal Lyceum Theatre, would also be her farewell. She entered dramatically. A wall rose to reveal her; she at once *launched into the opening* phrases of "Dich, teure Halle" from *Tannhäuser*. Then she cut to the aria's closing phrases and – just as she was due to hit a high note now surely beyond her – she cut into "Hello, Dolly", here reworded as "Hello, darlings". The medley continued with "Tea For Two" ("tea for you and cakes for me") and "Black eyes" (in Russian).

To love Söderström has been to love life itself, for her range was so wide. The evening stirred memories of all the ways she has enchanted us over the years – in opera, in recital, on record, in the printed page, on TV, in chat-shows, talking on the radio; in numerous languages; in music by umpteen composers.

She loves apparent self-contradiction: as in an interview in *Opera* when, having just said "I hate modern opera," she then said her favourite role was the Governess in *The Turn of the Screw*. She has been the most spontaneous of singers, the most hilarious and endearing, and she has been among the most musical and moving.

She gave, in *The Makropoulos Case*, the greatest physical performance in opera I have seen – conveying sensuousness, coldness, wit, urgency and all the weight of a 300-year life in her stance and her every step. Perhaps my favourite memory is of her third encore at a Covent Garden recital, when, just as she was singing the echo in a Scandinavian echo song, a police siren outside the opera house sounded so like yet another echo that she began laughing and refused to sing *another note.*

She is 65, and sang her last opera – Poulenc's *La Voix humaine* – early last week. So, on this occasion, dressed in black tights and loose shirt *à la* Judy Garland, she sang "Nobody loves a fairy when she's forty", pointing the lines "They want a bit of magic from a younger bit of stuff," and "I'd rather be a has-been than a never-was" without malice, and earning her biggest laugh with "You stand there crying 'What-ho!' – but they all pass by your grotto." She also sang "Don't put your daughter on the stage, Mrs Worthington" memorably.

Amazing to find that she could give new meaning to something as familiar as Cole Porter's "Night and day" or as thin as Sondheim's "Send in the clowns". The fact that the evening also included the Swedish folk song that Ambroise Thomas incorporated into the mad *scene in Hamlet*, a Piaf song, and Clara Schumann's setting of a Heine poem about love is typical of her extraordinary diversity.

To talk of her art in the past tense is hard. True, her prime passed more than 10 years ago. True, her voice has become increasingly threadbare. It is also true that she has always continued to enrich our lives, because she remained so musical. Her encore, by the way, was "Bed? Bed? *I couldn't* go to bed. . . I could have danced all night." As so often, we believed her.

Alastair Macaulay

Fishermen all at sea

THE "amphibians" of Billy Roche's new play for the RSC – at The Pit in London's Barbican – are the fishermen of Wexford, or more exactly the about-to-be *ex*-fisherfolk. One had always suspected that Wexford might be a bit dull outside Festival-time, and so it seems here to be. Roche's three previous Wexford plays have been widely admired; perhaps the onus of an RSC commission was the wrong kind of challenge for him.

Of his 11 characters ten are of fisherfolk-stock, and the eleventh is the plump young inheritor (educated upper-middle) of the town factory, which employs the people who can no longer live by fishing. He is called Brian Taylor; the others are called names like Humpy and Broaders and Dribbler (a devoted fan of the novelist Louis l'Amour). Wexford's rivers and coast, we are told, are steadily more polluted, and poor Eagle – still an independent soul – cannot catch enough to support his wife and *his young son Isaac.*

The two days of the action are the last before he too signs on at the factory. Meanwhile he escorts Isaac to his "traditional", manhood-proving night alone on Useless Island (I *think* I heard that right), erotic tensions and envy – notably between Eagle's sister Sonia, her rejected swain Zak and her new beau Mr Taylor – simmer away, and all the actors take decent advantage of their individual turns. There is a lot of Irish chitchat, no doubt quite realistic, some routine invective and folk-singing, and several quaintly spun yarns.

We realise early on that something nasty must happen on Useless Island to bring matters to a head. At long last, it does – but any of several alternative scenarios might have done as well. Dramatic inevitability is not on offer, nor any delving into character. Perhaps Roche has been too generous to his extended cast, with the result that the most prominent roles seem under-written and *under-explored: Eagle and his* worried wife, and especially lovelorn Zak, who surely deserves more attention. Young Isaac, who might have supplied a poignant focus, is played modestly and seriously by 13-year-old Kevin Burke, but with a piping voice (we missed a lot of his words) and a bland face which deny us entry to his thoughts.

Though the distant lights of Wexford look pretty from the island, as imagined by Michael Taylor and Geraint Pughe, the mainland sets are cluttered and clumsy. As Zak, Eagle and his upwardly-mobile sister, Barry Lynch, Ian McElhinney and Lesley McGuire make us wish we could know them better.

I admired the other women, Hilary Cromie and Jane Gurnett, no less than Albie Woodington's lusty pub-turn as Dribbler and Sean Murray's Broaders, whose bumptious cynicism insinuates something over the top long before the gory climax. Everybody else plays up with spirit, though we have seen clones of Lalor Roddy's dim, convulsive Humpy too often before. Michael Attenborough directs.

David Murray

Sculpted, silent and spectacular

***Robin Lane Fox** praises the scope of a Viennese exhibition that lays bare the glories of Egypt*

SILENCE WAS the key quality in old Egypt of the Pharaohs, according to the late Professor A. Momigliano, the most learned man in Europe. If so, both he and I would have hated it. Silence certainly prevails in the remarkable show of nearly 4,000 years of Egyptian sculpture, which is running in Vienna until October 4. Its setting is the elegant Kunstlerhaus. Against a background of cool dark blue, silent heads and sculpted figures take us through an unprecedented time-span of Egyptian modelling, from c. 3,500 BC to c. 100 BC, from the first kings to the time of Cleopatra's grand-parents. Many of the great names are here from gods such as Osiris to kings as old as Chephren. High officials and scribes keep them company, although I failed to find any trace of the FT's particular Egyptian favourite, Batson D. Sealing and his mischievous scribal pen.

Vienna is an apt site for an Egyptian spectacular, although the background to the show has had its share of controversy. During the 19th century, Austria acquired a remarkable range of Egyptian sculpture, mummies and papyrus: at the time, Egypt was not so much the victim of rape as the willing server of her favours. Like biographies, art exhibitions inter-connect if you sample enough of them: an important figure in Austria's Egyptian collections is the same Maximilian whom visitors to our own National Gallery can see before the death-squad, as painted by Manet. Maximilian had been exported from Europe by the French as potential ruler over Mexico. To celebrate, he planned to load a large ship with antiquities bestowed by Egypt and sail them across to the New World for display in a grand museum in his new Mexican domain. The Mexican firing-squad was too quick for him, and his boat-load of treasures was diverted to Trieste and thence to Vienna, where it became one backbone of the great Egyptian displays.

God, Man and Pharoah is the first big Egyptian show in Vienna for 30 years. Its moving spirit was Wilfried Seipel, the newish director of the Kunsthistorisches museum, whose appointment caused dark mutterings in certain corners of the Egyptological diaspora. There were unfounded allegations that he, too, might have done a Maximilian, and that the great success of his earlier career, an Egyptian show at Linz, was not the advertisement which his many strong supporters assumed. Certainly, it proved the strong Austrian taste for ancient Egypt: 260,000 visitors saw the show in Linz.

God, Man and Pharoah is his sequel and in every sense his blockbuster. Its range is strictly limited to sculptures, hewn from hard stone, occasionally worked in wood and very rarely cast in bronze. Egyptian diplomats have contributed an appreciative foreword to the important catalogue which he has supervised and partly written, but the fact remains that not one object has been lent from Egypt itself. It must seem a missed opportunity, as the Vienna show is proving such a success and has merely reinforced its director's international standing. There is now the promise of a sequel in 1993, showing Egyptian objects from Egypt to make up for the gap.

Rameses and his fellow-rulers are all very fine, but the beginning and end of this exhibition are its sensations. As usual, Egypt mesmerises us by its age. Around 3,000 BC a craftsman in Egypt could carve the bulging figures of a mother holding her baby to her chest. The pose became standardised later for the goddess Isis suckling her infant and then, by direct imitation, was adopted for Mary in Egypt, suckling Jesus. Around 2,500 BC, craftsmen were well able to work the lips, eyes and noses of human faces from a block of stone and leave it looking like an idealised model. It makes we visitors feel very small: these sculptures belong at least 1,500 years before anything which is known to be historical in the Bible. Whether these early sculptors attempted "portraits" is far more controversial: like the catalogue, I felt that there was a hint of individuality in a fine head of the Pharaoh Mycerinus, lent from Brussels.

From c. 650 BC onwards, the exhibition raises fascinating questions for anyone who puts the classical Greek tradition at the origin of European sculpture. This period saw a truly formative impact of English art on Greek architecture and sculptors: Greeks visited Egypt and learned there, a contact which is as historically secure as all those in Martin Bernal's fashionable book, *Black Athena*, are fanciful and misplaced. Bernal argued for a profound Egyptian legacy to Greek civilisation more than a thousand years earlier: the most important impact comes in this later period – not so much a matter of Black Athena as of Nut Brown Ionians up the Nile.

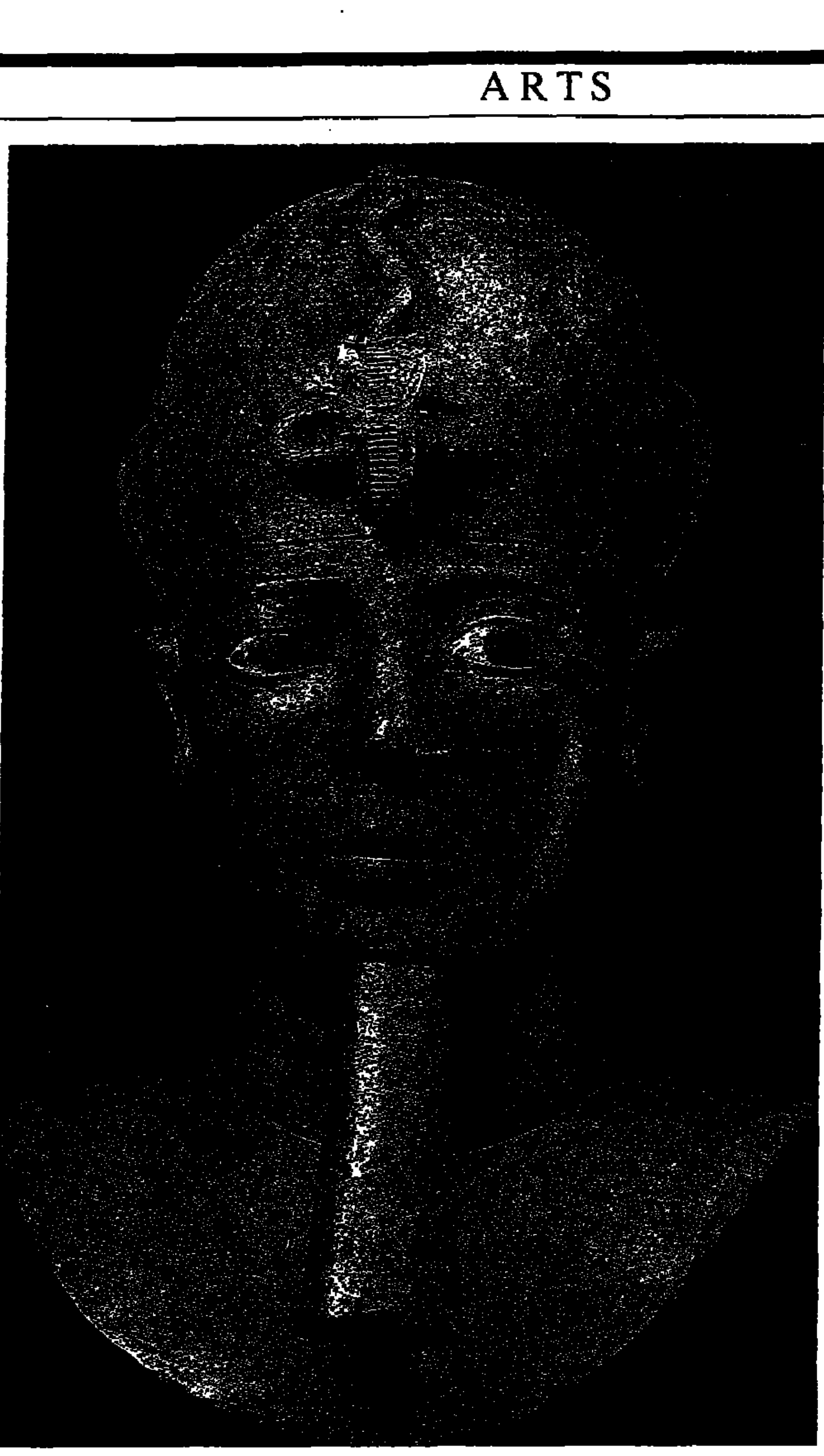
As a loyal classicist, I have always been happy to believe that Greek artists first unfroze, humanised and animated the poses of the stiff, "hieratic" sculptures which had become an ossified tradition in Egypt. If you look closely at the later exhibits in this show, the gap between Greek and Egyptian achievement seems to narrow. It might seem even narrower if more of the later works in metal and especially wood had managed to survive.

Characteristically, scholars used to attribute a sculpture as fine as the rare royal head, cast in copper and lent here from Hildesheim, to the distant period of the Middle Kingdom. After its recent restoration, its dating has had to be drastically lowered. Here, the piece is classed under the period of the early Ptolemies, a down-dating of a thousand years. Among Egyptian sculptors, Greeks did not encounter a dead and lifeless tradition.

Blockbusting shows have been criticised for uprooting treasures from museums and putting them at risk to travel in order to satisfy sponsors or nationalism. In Vienna, the movement of objects has had a happier result. It reminds you how great a range of Egyptian antiquities became dispersed over Europe during the years of "collecting" up the 19th century Delta: this show draws only on US and European resources.

It has also reassembled pieces which once belonged together. For the first time since excavation, a statue in Vienna dated around 1700 BC has been reunited with its base and legs, which had wandered meanwhile to Dublin. Across Europe, the sculptured pair of a husband and wife have also been brought back into partnership, lost since the moment of their excavation. Those who complain about blockbusters should remember that they can reassemble as well as put art at risk.

Like its subject, this exhibition is austere and makes demands on the viewer. It is not scheduled to travel, but it is seriously important, like the catalogue accompanying it. By isolating sculpture from the other objects of "daily life," it forces us to look very closely at the range and endurance of Egypt's artistic achievement.



Face from the past: bronze bust of a king from the Ptolemaic period

Venice opens its doors to change

Nigel Andrews reports on a new-look film festival

THE PEOPLE chosen to run the Venice Film Festival change almost as often as the people chosen to run Italy. The guest director of this year's Mostra Del Cinema is film-maker Gillo Pontecorvo, who made that masterpiece of docu-drama generalship *The Battle For Algiers*. Running a film festival is harder, as we know, than organising a military campaign. Number one: you cannot win. Number two: whatever you do, your enemies will increase rather than decrease. Even Pontecorvo's popular precursor Guglielmo Biraghi ended up with more knives in his back than medals on his chest.

But first signs this year are good. Fresh gales are being allowed to waft into the cultural corridors. Special events include a "Vetrina sulla cinema Italiana" and a "Finestra sulle imagini": one window on the imagination, one shop window for native film. In addition a skylight has been opened for American cinema, with Brian De Palma's brilliant new thriller airdropping into Venice alongside Alexandre Rockwell's breezy film about film-making *In The Soup* (top prize winner at the recent Sundance Film Festival). And a small bathroom window has even been eased open for Britain, welcoming new films by Neil Jordan, Peter Greenaway and others.

Jordan being on jury duty at Venice, his *The Crying Game* showed out of competition – perhaps as well for this strange, vulnerable bloom. Half political thriller, half love mystery, it follows guilt-haunted terrorist Stephen Rea from a tragic kidnapping in Ireland to a tryst-of-honour with a dead soldier's beloved in London.

Planted with riddles and ambiguities – chiefly, when is a girlfriend not a girlfriend? – the story is a fable about the minefield of misperceptions we walk through in both love and war. Before the close, however, the film's mood of mazy convolution becomes more sedative than hypnotic. A key character is too opaquely played to involve us, and the odd-couple "romance" at the film's centre conjures fatally invidious memories of Jordan's better *Mona Lisa*.

Brian De Palma's *Raising Cain*, by contrast, could be re-titled *Raising Lazarus*. Some thought Mr De P had been buried for ever by the debacle of *The Bonfire Of The Vanities*. Now he leaps forth with all limbs jangling. This deliciously crazed thriller about a child psychologist with a multiple personality (John Lithgow) is in the best tradition of *Carrie*, *Obsession* and *Dressed To Kill*.

De Palma is often pilloried for imitating Hitchcock, but at his best he improves on the master. The visual booby traps and ambushes here are quite inspired – from a ubiquitous black wig to a not-quite-drowned woman to a last-scene showdown between a madman, a bag of oranges and a sun-dial – and so is the film's parodic eclecticism. Bits of *Psycho*, *Vertigo* and *Peeping Tom* flutter about the imagistic aviary, but we are never in doubt who is the true birdmaster. Comic and kinetic, witty and weightless, and dazzlingly fluid in its movements between dream and waking, this is as close to "pure cinema" as the form can come.

After De Palma how impatient we become with films that slap their message-heavy stories up on screen, uninflected by wit, ambiguity or provocational *trompe l'oeil*. Golden Yawn contenders thus far at Venice include Claude Sautet's atrophic romance *Un Coeur En Hiver* (beautiful violinist Emmanuelle Beart tries to inspire some *vibrato* in repressed violin-maker Daniel Auteuil), Ousmane Sembene's *Guelwaar*, a stiffly directed satire on colonialised culture, and Maurizio Zaccaro's *The Valley Of Stone*.

This last is a Euro-pudding in the grand modern tradition. It tempts one's spoon into the rich mix of cultural flavours, then breaks one tooth on the unyielding polyglot awkwardness. England's Charles Dance plays a German land surveyor in an Italian-speaking tale about greed and humility. Preachy, pedestrian and post-synched, the film's only interest is that it was double-billed with a rare screening of Steven Spielberg's 1969 *Amblin'*, the calling-card short that brought this prodigy into show business. Time has not been too kind to the Coca-Cola sunsets and feelgood hippyisms of this tale of two hitch-bikers meeting cute in the American West. But at least, unlike Zaccaro's film, it is loud, cheerful and alive.

So is Alexandre Rockwell's *In The Soup*. This is a comedy about an aspiring film-maker (Steve Buscemi) who cannot even get to make his calling-card film: unless the eccentric Mafioso he meets (Seymour Cassel) will finance the project after our hero has reluctantly co-operated in a series of robberies. Minor in ambition, major in off-the-wall comic appeal.

None of these films, I predict, will win the Golden Lion. That animal traditionally favours esteemed and non-controversial veterans. At this stage he is probably mulling the merits of Pupi Avati's *Brothers And Sisters* and Bertrand Tavernier's *L 267*.

The French film is a disappointment from the maker of *Sunday In The Country* and *Life And Nothing But*: a ponderous docudrama about anti-drugs cops in Paris, unvitalised by its non-professional cast and rushing Steadicam style. But Avati's film is a small-scale delight. Evading the curse of the co-production, its tale of Italian-American family life in St Louis, Missouri, is funny, subtle, astringent and elliptical: a soap opera which stings the mind and senses. More if it wins, much more if and when it comes to Britain.

Merry Maggie May

BLITZ! in 1990, and now *Maggie May*: the National Youth Theatre is making hay with Lionel Bart. Can *Oliver!* be far behind? Since 1986, when Michael Croft, the NYT's founder, died, this is the second year in which their repertory has included no Shakespeare. They might ponder upon Kenneth Tynan's ironic proposals for new Bartifications of Dickens: *Bleak!* – or, perhaps, *Great!*

Up to a point, *Maggie May* suits the company very well, and in fact the show is enjoyable beyond expectation. Alun Owen's script is about the eponymous whore, sure enough, but more about Liverpool dockers. Its heart is in the right place, that is Left, which means that the goodies are *ur*-Militants of 30 years ago. The large, eager NYT cast brandish their Liverpudlian accents with a will, and David Toguri has drilled them in energetic Sixties dancing – more than knees-up, if not all *that* much more – to infectious purpose. Youthful high spirits carry the day.

The plot is amiably simple and unconvincing. In a 1946 prologue, we find little Maggie already attached to young Pat Casey, and figuring in a Christmas pageant which is interrupted by the death of Pat's father, a union hero, amid an angry strike. The "real" story begins 18 years later; when Pat returns from a sourly enlightening stint in the Navy and Maggie is already a professional on the game.

Her problem is self-explanatory; and Casey's is partly hers. Their liaison shocks his decent workmates, and in particular his union chum Judder (Peter Collins) is seized by a jealous homoerotic fury – which Owen leaves rigorously unexplored, though it is the ground for the fatal *dénouement*. Before that, Pat has been trying to organise a high-minded walkout over a gun-shipment to South Africa, while fighting shy of election to his father's old role (song: "I'm *Me*!"). There are confused signals here, but the message seems to be that eventually, congenital Left virtues will out.

Maggie May is chock-a-block with musical numbers – folksong or nursery-rhyme style (with sentimental waltzes, barely disguised), which may probably explain why Owen's text seems so thin and schematic. It needs serious help from the actors, in the form of a battered world-weariness which neither of the principals here is yet of an age to convey. Likewise Simon Bowen's smooth, unprincipled union heavy: nice character-details, too little *gravitas*.

Nonetheless, Liz King's Maggie is inventive, volatile and brassy, James Barriscale's Pat clean-cut and honest (if slightly unmanned by uncertain pitch). Their heartfelt ballads grow strident, with a lot of amplification and no mollifying strings. Otherwise Timothy Higgs draws lively playing from his small band and enthusiastic singing from everybody.

David Murray

Royalty Theatre, off Kingsway, London WC2, until September 19. Sponsored by National Power.

Chess No 939: 1 Ra2. If Bxa2 2 Be4 and 3 g7 mate. If Bg2 2 Be4 Bxe4 3 Rh2 mate.

Video/Nigel Andrews

Relative heroes

WHEN as a child I first heard the expression "anti-hero", I thought the speaker was referring to a female relative. There must be an Auntie Hero in the family, possibly married to an Uncle Villain. I have since learnt the error of my ears. But I still think of the anti-hero as some kind of delinquent older androgyne: a person transcending both the sexual divide between heroes and heroines and the moral divide between heroes and villains.

September's video anti-heroes – the month is thick with them – illustrate my point. Warren Beatty as *Bugsy* (Columbia/TriStar), John Turturro as *Barton Fink* (Columbia/TriStar), Keanu Reeves and River Phoenix as two gay hustlers living on the law's edge in *My Own Private Idaho* (Fox); even disillusioned, downbeat Humphrey Bogart in the anniversary-reissued *Casablanca* (Warners).

Someone once defined an anti-hero as a hero looking into a cracked shaving mirror. There may still be good looks, integrity, virility: but they have all become a little scrambled. The subtlest anti-hero of the month is Beatty as Bugsy Siegel in Barry Levinson's gloriously sweet-and-sour gangster history about the man who made Las Vegas. It is not just that Beatty for the first time manages moments of ugliness: receding hair and swelling jowls giving the one-time pin-up a Nixon look. It is that his surviving charm and dynamism seem just as winning in a wicked context as they did in the Boy's Own heroics of *The Parallax View* or the Comrade's Own heroics of *Reds*.

Bugsy's ambivalence shocked American filmgoers into shunning the movie. Nor did they flock to *My Own Private Idaho*, where writer-director Gus Van Sant suspends his rent-boy "heroes" in a tender, dreamy limbo between good and evil, past and present, reality and fantasy. The film's beautiful threnody on themes of loss and search – a road movie through American childhoods – underscores its sometimes deliberately discordant morality.

Movie audiences are disconcerted by central characters who do not display exemplary moral attributes. Anti-heroes have always been conscripted from the fringes of the character department. Just as *Idaho* dares to put a pair of hustlers-for-hire into the central spotlight, so the Coen brothers' *Barton Fink* foregrounds an outright weirdo (John Turturro) who would normally have been wheeled in and out for a quick madness cameo.

Turturro's struggling writer in Hollywood, circa 1940, is wild of hair, bespectacled of eye and twittery of manner. He is an anti-hero for the literary movie tradition: a cracked-mirror answer to all those Glamorous Authors the cinema has supplied from Gregory Peck as Scott Fitzgerald to James Mason as Flaubert.

Unsurprisingly, moviegoers stayed away from *Barton Fink* too. But anti-heroes are not always box-office poison. The greatest was Bogart. His forlorn and furrowed mug would crack any mirror at ten paces, and his moral ambivalence was staunchly cultivated through 50 films. Yet his romantic appeal was incalculable. In *Casablanca* he is a piece of human driftwood with hunched shoulders and a voice like a saw. But he realises – the film realises – that given the right existential context a man practising Do Your Own Thing ethics (Bogart) is more charismatic than a man practising duty-bound derring-do (Paul Henreid).

Finally, let us not forget the anti-heroine. *Thelma And Louise* (MGM/UA) is the story of two plainspun women who hop into a car for a freedom-tasting weekend and discover that the road to good intentions is paved with hailstones from Hell. With its main characters turning more macho by the minute, no film could better show the anti-hero(ine)'s tendency towards gender mutation. And no modern action thriller has given crime and mayhem a greater pop-tragic stature as the wages of an unjust or unstable society.

Radio/B A Young

Shelley at intervals

SHELLEY'S bicentenary fell last month, and Radio 3 marked it in Promenade interval talks. The first, *Shelley and Love*, on Monday, was presented by Claire Tomalin. Shelley's idea of love was illuminated in the first selection, "Epipsychidion", his blast against marriage. Women were his muses, none the less, married or not, and we heard great verses afterwards, addressed to Mary, Claire, and Jane Williams, only one of whom married him. Jonathan Hyde read beautifully.

On Tuesday, we had *The Mask of Anarchy*, introduced by Paul Foot, an expert on Shelley as radical. Nicholas le Prevost read the splendid rap verses that were spurred by the Peterloo "massacre". One line remains as vivid as in 1820, "Ye are many, they are few." On Wednesday, Professor Kelvin Everest introduced *Ode to the West Wind* (which Paul Foot reckons another radical poem) and *To a Skylark*, surely non-political; but alas, I did not hear them. Maurice Baring visualised a mature Shelley as the Conservative MP for Horsham, and just as restrained a view must have been taken by Parry, Delius, Quilter and the rest in the two programmes, Shelley's *Soft Voices*, of musical settings of his poems.

Besides the two hours (including repeat) of the Classic Serial, currently the humorously romantic *Miss Marjoribanks* by Margaret Oliphant, Radio 4 devotes three half-hours a week to serial plays. Some of these are fine, some less good; one cannot easily organise listening to pursue a story all through. Tuesday gives us a welcome repeat of Christopher Lee's six-part *The House*, with its background in the Commons, ably directed by Neil Cargill.

On Wednesday, there is the glutinously sentimental *In Search of Mihailo* by Dolores Pala, that I shall not follow further. Thursday evenings offer a great six-part thriller by Nigel Baldwin, *Cordoba*, that I have praised here. On the whole, we should be grateful.

John Reith would not have allowed the Radio 4 Monday series *Beyond Belief*. Ludovic Kennedy, an avowed atheist, challenges the established religions for accepting what seem impossibilities. He began last week with Lord William Rees-Mogg, a devoted Roman Catholic, but they discussed only the normal beliefs of Christianity – the Virgin Birth, the Resurrection, miracles and so on. Such beliefs being the latchkey into the church, no valid argument was likely.

This week, Kennedy examined Kalim Siddiqui, of the Moslem parliament, on the Moslem faith, and I thought Siddiqui did well. Why did Allah, the merciful, ordain that adultresses should be stoned, that thieves should have their hands cut off? Simple: to stop them doing it again. Moslems believe in the Virgin Birth as Catholics do; they accept the Christian prophets as genuine. Mohamad was not divine; he was a messenger from Allah. Kennedy has little chance against the intrinsic believers.

The Bible is now finished on Radio 4. Last week, we had *Revelations*, superbly read by Sir John Gielgud. Now we have a dramatised *Pilgrim's Progress*, with Mick Ford as Christian. Worth following.

Raving (Radio 4, Sunday) was a not-very-deep enquiry into MDMA, the lab name for the drug Ecstasy. "We're not doing anything," said sample ravers, "we're just dancing." But doctors said there was danger of psychosis, a possible suicidal tendency, danger from heat-stroke or blood-clots. The law said it was a Class A drug. There was a follow-up on Radio 1 on Tuesday, with a helpline.

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Hallo Spencer. 7.50 Babar. 8.15 The New Lassie. 8.35 The Jetsons. 9.00 Parallel 9. 10.12 Weather.

10.15 Grandstand. Introduced by Steve Rider. Including at 10.20 Cricket from Lord's: Leicestershire v Northamptonshire in The NatWest Trophy Final. 12.45 Football Focus: Bob Wilson and Gary Lineker with the latest action and news from the Premier League. 1.00 News. 1.05 Football. 1.25 Cricket. 1.55 Racing from Haydock Park: At 2.00 The Ladbroke Handicap. 2.05 Cricket. 2.25 Racing: At 2.30 The Webster's Yorkshire Bitter Stakes. 2.35 Cricket. 3.25 Racing: At 3.30 The Haydock Park Sprint Cup. 3.35 Cricket. 3.50 *Football Half-Times.* 4.00 Cricket. 4.40 Final Score. Times may vary.

5.05 News.

5.15 Regional News and Sport.

5.20 Bruce Forsyth's Generation Game Compilation. Bruce Forsyth and Rosemarie Ford look back on their favourite moments from last year as they prepare themselves for a new series.

6.20 Bobby Davro: Public Enemy Number 1. New series.

7.00 Film: ET. *Steven Spielberg's sci-fi* blockbuster. Special effects abound as a young boy helps a stranded alien return home and avoid being captured by the *authorities.* Starring Henry Thomas and Drew Barrymore (1982).

8.50 Carrott's Commercial Breakdown. Jasper Carrott takes a look at bizarre adverts from around the world.

9.40 News and Sport; Weather.

10.00 Match of the Day. Highlights of the day's big matches. Introduced by Desmond Lynham.

11.00 Film: Rollercoaster. A saboteur blows up amusement parks when his blackmail demands aren't met. George Segal and Henry Fonda star with Richard Widmark, Timothy Bottoms and Susan Strasberg (1977).

12.55 Weather.

1.00 Close.

BBC2

6.40 Open University.

3.00 Film: Kate's Secret. A woman who suffers from bulimia finally admits her problem. Meredith Baxter Birney stars with Edward Asner (TVM 1986).

4.30 Cricket: NatWest Trophy. Leicestershire v Northamptonshire. Further coverage from Lord's in the final of this 60-overs-per-side competition. Commentary by Tony Lewis, Richie Benaud, Ray Illingworth and Mark Nicholas.

7.30 Personal Details. The final programme of the series looks at how the criteria for being British *can become linked to skin colour,* culture and race.

8.00 News and Sport; Weather.

8.15 Dancemakers: Le Dortoir. Adaptation of Quebec theatre director Gilles Maheu's internationally acclaimed production, featuring Maheu and his dance company Carbone 14.

9.10 Encounters. The last programme in the series charts an imaginary meeting between singer Paul *Robeson and politician Nye* Bevan.

10.00 Video Diaries. My Demons – The Legacy. 'My Demons' was Willa Woolston's award-winning Video Diary from 1990. In this follow-up, she returns to her family in Philadelphia to find out what effects the revelations of violence inflicted on them by their stepmother have had on their lives. Willa also digs deeper into her abused childhood and investigates the effects this had had on her own children. Last in the series.

11.15 Cricket: NatWest Trophy. Leicestershire v Northamptonshire. Tony Lewis introduces highlights of the final.

12.05 Film: 'Night Mother. The mother of an unhappy girl spends the night persuading her daughter not to commit suicide. Starring Sissy Spacek and Anne Bancroft (1986).

1.40 Close.

LWT

6.00 TV-am. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News.

1.10 Starting from Scratch.

1.35 Film: McCloud: The Park Avenue Rustlers. Romantic entanglements get in McCloud's way when he tries to infiltrate a car theft ring with a new and attractive partner. Starring Dennis Weaver (1972).

3.00 Matlock. Ben suffers a series of mishaps when he tries to find a missing murder witness.

3.55 WCW *Worldwide* Wrestling.

4.40 ITN News and Results Service; Weather.

5.00 LWT News and Weather.

5.15 Barrymore.

6.20 Film: The Karate Kid. A teenager is tormented by bullies until he is taught karate and self-confidence by the local janitor. Ralph Macchio and Pat Morita star (1984).

8.40 10 Years of It'll Be Alright on the Night. Denis Norden presents a selection of classic out-takes. *Including the hilarious Peter Sellers in-a-lift sequence.*

9.40 ITN News; Weather.

9.55 LWT Weather.

10.00 Film: Predator. Action thriller, starring Arnold Schwarzenegger. A military rescue team face danger when they are sent to the jungles of South America on a mission (1987).

12.00 The Big E.

1.00 Get Stuffed; ITN News Headlines.

1.05 New Music.

2.10 Get Stuffed.

2.15 Music from the Bridge.

2.45 Get Stuffed.

2.50 Rhythm 'n' Raag.

3.20 Indy Car Racing.

4.20 Out of Limits.

4.30 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 The Hard Face of the Ogre. 10.30 Australian Rules Football. 11.30 Quizbowl. 12.00 Get Smart. 12.30 pm Bosnia.

1.00 Film: In the Good Old Summertime. Judy Garland and Van Johnson play pen pals who fall in love when they correspond through a dating service (1949).

2.55 Zeno is Sleepy.

3.00 Racing from Kempton Park and The Curragh. From Kempton Park at 3.10 The Bonusprint Sirenia Stakes and at 3.40 The Geoffrey Hamlyn Handicap Stakes, from The Curragh at 3.50 for the Moyglare Stud Stakes, and from Kempton Park for the 4.10 Bonusprint September Stakes and the 4.40 Spelthorne Handicap Stakes.

5.05 Brookside.

6.30 The Big 8. The LGS Jets v the Sheffield Steelers in the first semi-final.

7.00 The World This Week. In the run-up to next weekend's general elections in Thailand, an investigation into the 500 people who went missing after taking part in anti-government demonstrations in May. Plus, the mood in France in the wake of the first television debate about the referendum on the Maastricht treaty.

8.00 Kingdom of the Plains. The final programme of the series focuses on the ancient Igwi Bushmen of the Kalahari Desert in Botswana. *Time has taken its toll on their* numbers, and almost all the remaining Bushmen survive by hunting in remote areas of the Kalahari.

9.00 Court TV: America on Trial. Including the case of Thomas Lee Bonney who was sentenced to death in 1988 for the murder of his 21-year-old daughter. The sentence was not carried due to a US Supreme Court ruling. In this re-trial he is being sentenced afresh. Will his plea that he suffers from multiple-personality disorder save him from the gas chamber?

10.00 Let the Blood Run Free.

10.30 Film: Journey of Hope. A poor Turkish couple and their young son head for Switzerland in the hope of finding a better life (1990)(English subtitles).

12.30 The Twilight Zone.

1.25 Film: Supernatural. Carole Lombard plays an heiress possessed by the spirit of an executed murderess (1933).

2.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 1.35 Chequered Flag. 2.05 McCloud: Million Dollar Round Up. (1973) 5.00 Anglia News and Sport 9.55 Regional Weather.

BORDER:
1.05 Border News. 1.10 McCloud: Three Guns for New York. 3.00 Granada Saturday Sport. 5.00 Border News and Weather 5.05 Cartoon Time.

CENTRAL:
11.30 Zorro. 1.05 Central News 1.10 Rocksport. 1.30 The Life and Time of Grizzly Adams. 2.25 Superman. 2.55 Brand New Life. 5.00 Central News 5.05 The Central Match – Goals Extra. 9.55 Local Weather. 11.55 Island of Terror. (1966)

CHANNEL:
11.30 Blockbusters. 1.05 Diary Dates. 1.10 Motorsport Special. 1.40 Nine Hours to Rama. (1962) 4.05 Cartoon. 4.15 This is America, Charlie Brown. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN:
1.05 Grampian Headlines 1.10 Seall. 1.45 Cuirm Cloinne. 1.55 Fionnan Faoir. 2.25 Chequered Flag. 2.55 Life and Times of Grizzly Adams. 5.00 Grampian Headlines and Weather 5.05 Put it in Writing.

GRANADA:
11.30 Zorro. 1.05 Granada News 1.10 McCloud: Three Guns for New York. 3.00 Granada Sports World. 5.00 Granada News. 5.10 Granada Goals Extra.

HTV:
1.05 HTV News. 1.10 Dangerous Afternoon. (1961) 2.15 The Mountain Bike Show. 2.45 Chequered Flag. 3.20 Made in Heaven. (1952) 5.00 HTV News and Sports Results 9.55 Regional Weather.

SCOTTISH:
1.05 Scotland Today. 1.10 Seall. 1.40 Asterix the Gaul. (1967) 2.50 Highway to Heaven. 5.00 Scotsport Results. 5.10 Scotland Today. 9.55 Scottish Weather.

TSW:
11.30 The South West Week. 1.05 TSW News. 1.10 Cartoon Time. 1.20 Nicholas and Alexandra. (1971) 5.00 TSW News. 5.05 Gus Honeybun's Cartoontime.

TVS:
11.30 Blockbusters. 1.05 TVS News. 1.10 Motorsport Special. 1.40 Nine Hours to Rama. (1962) 4.05 Cartoon. 4.15 This is America, Charlie Brown. 5.00 TVS News.

TYNE TEES:
1.05 Regional News. 1.10 Soccer in the Seventies. 1.35 Chequered Flag. 2.05 The Last Wagon. (1956) 3.50 The Life and Times of Grizzly Adams. 5.00 Northern Life Sport Special.

ULSTER:
11.30 Superman. 1.05 Ulster Newstime 1.10 Saturday Sport. 1.20 The Mountain Bike Show. 1.50 Kidnapped to Mystery Island. (1964) 3.25 Movies, Movies, Movies. 3.55 Wrestling. 5.00 Ulster News 5.05 Saturday Sport. 9.55 Ulster Newstime

YORKSHIRE:
11.30 Superman. 1.05 Calendar News. 1.10 Davy Crockett. 2.05 The Last Wagon. (1956) 3.50 Baywatch. 5.00 Calendar News. 5.10 Cartoon Time. 9.55 Local Weather. 11.55 The Gambler. (1980)

SUNDAY

BBC1

6.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Start Your Own Religion. 9.30 This is the Day. 10.00 Sign Extra: Business Matters. 10.30 Film: A Connecticut Yankee in King Arthur's Court.

12.15 Cartoon Double Bill.

12.30 CountryFile.

12.55 News.

1.00 The High Chaparral.

1.55 Bugs Bunny.

2.00 EastEnders.

3.00 Eldorado.

3.30 Film: The Sundowners. Deborah Kerr, Robert Mitchum and Peter Ustinov star in this tale about an Irish sheepdrover and his family in the Australian Outback (1960).

5.35 Barney Bear. Cartoon.

5.45 Europe by Design. Entering the world of European fashion, Tom Vernon meets Giorgio Armani who believes the same clothes can look different on people of different nationalities. He also talks to Karl Lagerfeld about the inspirations for his work, and discovers why new designer Agnes B hates fashion.

6.15 The Survival Guide to Food.

6.25 News.

6.40 Songs of Praise. Paul Jones visits the former shipping village of Aberporth in West Wales.

7.15 Keeping Up Appearances.

7.45 The House of Eliott. New series. It is now 1924, and sisters Beatrice and Evangeline have more business than they can handle in their fashion house. But the future of the company seems set to change forever.

8.40 *Birds of a Feather.*

9.10 News and Weather.

9.25 A Very Polish Practice. Feature-length sequel to Andrew Davies' *acclaimed black comedy series,* A Very Peculiar Practice.

11.00 Everyman. Examining the threat to the Jewish population in modern Germany. With an increase in anti-Semitism, a low birth rate and a high emigration to Israel and America, their numbers are dwindling. Many predict a future Germany without Jews.

11.50 Doogie Howser, MD.

12.15 Weather.

12.20 Close.

BBC2

6.35 Open University. 12.00 The World of Wine. Champagne. A visit to the area in France where the wine is made.

12.30 Sunday Grandstand. Introduced by Steve Rider. Including at 12.35 Yachting: British Olympic medallist Lawrie Smith competes. 1.05 Motorcycling: The penultimate round of the British Supercup at Oulton Park. 1.30 Formula Three: Round 13 of the championship from Silverstone. 1.50 Motorcycling. 2.15 Rugby Union: Leicester v England. Highlights from Welford Road, Leicester. 3.00 Motorcycling. 4.00 Swimming from Gateshead: British hopes Sharron Davies, Nick Gillingham and Adrian Moorhouse compete. 4.50 Touring Cars: Action from Brands Hatch. 5.20 Motorcycling. Times may vary.

5.50 One Man and His Dog. From the slopes above Ennerdale Water in the Lake District, Phil Drabble meets and talks to shepherds from Ireland while Ray Ollerenshaw describes their efforts on the trials course.

6.35 The Living Planet. David Attenborough examines the plants and animals in the Amazon jungle, starting from the tips of the huge silk cotton tree, working his way down through the tiers of leaves to the dark forest floor, discovering some of the most extraordinary plants and animals on earth.

7.30 Live from the Proms. Christopher Cook introduces tonight's Prom live from the Royal Albert Hall, which forms part of the European Arts Festival to mark the UK's presidency of the European Community. The Berlin Radio Symphony Orchestra, conducted by Vladimir Ashkenazy, perform Beethoven's Ninth Symphony, the Choral. *With the Brighton festival* and London Symphony choruses. The Prom opens with Elgar's epic symphonic study, "Falstaff".

9.50 Film: Revolution. Al Pacino and Nastassja Kinski head an all-star cast in this drama about the American War of Independence. With Donald Sutherland, Joan Plowright, Annie Lennox, Steven Berkoff and Robbie Coltrane (1985).

11.50 The Night Stalker.

12.45 Close.

LWT

6.00 TV-am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. Rosemary Hartill examines the life of Hannan Ashrawi. 12.30 pm An Invitation to Remember. 12.55 LWT News.

1.00 ITN News; Weather.

1.10 Cartoon Time.

1.20 The Muppets at Disney World.

2.15 Bullseye.

2.50 Film: Journey to the Far Side of the Sun. An astronaut on a mission to a previously undetected planet discovers that it is an exact duplicate of earth. Sci-fi drama, starring Ian Hendry (1969).

4.40 Baywatch – The Movie: Panic at Malibu Pier.

6.30 ITN News; Weather.

6.35 LWT News.

6.40 Dana – The Road to the Isles.

7.15 You've Been Framed!

7.45 A Woman Named Jackie. An intimate portrait of the life and times of Jacqueline Bouvier Kennedy Onassis. Starring Roma Downey and Stephen Collins (part 1)

9.25 Diana – The End of a Fairytale? A behind-the-scenes look at the latest scandal to rock the royal household. With John Suchet.

10.25 Michael Winner's True Crimes. New series. Police officers described the 1987 Knightsbridge safe deposit theft as the biggest robbery in European criminal history. Det Insp Dick Leach was given the case, and the programme recreates the procedures and patience of Leach's team in their search to track down the thief.

10.55 ITN News; Weather.

11.10 LWT Weather.

11.15 Film: Conquest of the Planet of the Apes. Sci-fi. Starring Roddy McDowall. The apes rebel against their human masters and gain control of the planet (1972). With Don Murray and Ricardo *Montalban.*

12.50 Cue the Music.

1.50 Get Stuffed; ITN News Headlines.

1.55 The ITV Chart Show; ITN News Headlines.

2.55 Film: Corridors of Blood. A 19th-century British doctor experiments with drugs, and becomes addicted to narcotics. Horror, starring Boris Karloff and Christopher Lee (1958).

4.30 Memories of 1970-1991.

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 Owl TV. 10.45 Voyage to the Bottom of the Sea. 11.45 Little House on the Prairie.

12.40 Film: Stage Fright. Hitchcock thriller, starring Marlene Dietrich and Jane Wyman (1950).

2.45 Football Italia. Live coverage of Sampdoria v Lazio. The full match action is complimented by behind-the-scenes reports and special features by James Richardson and Isabella Stasi Castriota. Commentary by Paul Elliott and Peter Brackley.

4.55 Magoo's Problem Child/Meet Mother Magoo.

5.10 News.

5.15 Answering Back. New series. Building society chairman Tim Melville-Ross faces the questions, as Susannah Simons asks him about the depressed state of the housing market.

6.00 A Beginners' Guide to American Football.

6.30 The Cosby Show.

7.00 Equinox: Eurofighter. The remarkable technology being developed for Britain's air defence system.

8.00 Europe Express. The last programme in the series profiles former East German minister Margot Honecker, who is being allowed to spend her last years with her daughter when she was responsible for separating parents and children, reports on national pride in Denmark after the country voted against the Maastricht Treaty, and visits the Croatian/Bosnian border to explore claims concerning a vision of the Virgin Mary in 1982 predicting the area's current *chaos.*

8.30 American Football. New Orleans Saints v Philadelphia Eagles.

10.00 Film: The Children. Ben Kingsley stars as an engineer who becomes obsessed with the teenage girl he is looking after for an old college friend. With Kim Novak, Britt Ekland and Donald Sinden (1990).

12.15 Film: Song of the Exile. Drama following an estranged daughter's return to her childhood home. En route she reaches an understanding of her past and prepares herself for a confrontation with her mother. Made in Taiwan in 1989.

2.00 Gaelic Games.

4.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Gardening Time. 12.50 Anglia News. 1.10 The Biggin Hill International Air Fair. 2.10 Heirloom. 2.40 Fantastic Voyage. (1966) 5.30 Bullseye. 6.00 New Candid Camera. 6.35 Anglia News. 11.15 The Young Riders.

BORDER:
12.30 Gardening Time. 12.55 Border News. 1.10 Chequered Flag. 1.40 This Man's Navy. (1945) 3.30 Animal Country. 4.00 Bowls: Scottish Master. 5.00 Scotsport. 6.35 Border News. 11.15 Prisoner: Cell Block H.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 1.10 The Son of Robin Hood. 2.45 The Central Match – Live. 5.00 Baywatch. 6.00 Bullseye. 6.35 Central News 11.15 Dangerous Women.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 Pippi in the South Seas. (1969) 3.00 The Hunters. (1958) 5.05 Bullseye. 5.30 Baywatch. 6.35 Channel News.

GRAMPIAN:
10.45 Heidi. 11.15 Sunday Service. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 1.10 Treasure at the South Pole. 2.10 Life Stories. 2.40 NB Special. 3.10 Rock Sport. 3.30 The Challengers. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's Larder. 6.35 Grampian Headlines 11.15 Prisoner: Cell Block H.

GRANADA:
12.25 Chalte, Chalte. 12.55 Granada News 1.10 The Wonderful World of Disney. 2.05 The Life and Times of Grizzly Adams. 3.00 Black Jack. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Granada News 11.15 Prisoner: Cell Block H.

HTV:
12.30 West Country Farming. 12.55 HTV News. 1.10 Press Your Luck. 1.40 Challenge of the Seas. 2.05 WCW World Wrestling. 2.45 The Central Match – Live. 5.30 Something to Treasure. 6.00 A Class of Their Own. 6.35 HTV News.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Journeys. 12.55 Scotland Today. 1.10 Great Expectations. (1974) 3.35 Bullseye. 4.05 Baywatch. 5.00 Scotsport. 6.00 Scotland's Larder. 6.35 Scotland Today. 11.15 Triumphs of a Man Called Horse. (1982)

TSW:
12.30 TSW Farming Week. 12.55 TSW News. 1.10 The Wonderful World of Disney. 2.05 The Life and Times of Grizzly Adams. 3.00 Black Jack. (1979) 5.00 Bullseye. 5.30 Gus Honeybun's Cartoontime. 5.35 Highway to Heaven. 6.35 TSW News. 11.15 Prisoner: Cell Block H.

TVS:
12.30 TVS News. 12.35 Heidi. 1.10 Pippi in the South Seas. (1969) 3.00 *The Hunters.* (1958) 5.00 Bullseye. 5.30 Baywatch. 6.35 TVS News.

TYNE TEES:
12.25 The Intruders. 12.55 Regional News. 1.10 What's Up Tiger Lily? 2.40 The Back Page. 3.10 Highway to Heaven. 4.10 Dogs With Dunbar. 4.40 The Hi-Jackers. 6.00 Bullseye. 6.35 Regional News. 11.15 Prisoner: Cell Block H.

YORKSHIRE:
12.25 This is America, Charlie Brown. 12.55 Calendar News. 1.10 Your Match – Live. 3.10 The Man Who Knew Too Much. 5.30 Bullseye. 6.00 Calendar. 11.15 Shell Game. (TVM 1985)

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 The Chris De Burgh Story. 1.00 Hancock's Half-Hour.

1.30 I'm Sorry I Haven't a Clue. 2.00 Sounds of the Fifties. 3.00 Steve Race. 4.00 Judith Chalmers' Hi Days and Holidays. 5.00 Cinema 2.

5.30 The Movie Quiz. 6.00 In Concert. 7.00 You Can't Have One Without the Other. 7.30 Carlo Curley. 8.30 Ivory and Brass. 9.30 Easy Does It. 10.00 Arts Programme.

11.15 140th British Open Brass Band. 12.05 Sounds of the Fifties. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Record Release.
10.25 Cricket Special.
7.30 Morley's Light Music.
8.00 Proms 1992.
9.30 Ulysses.
10.00 Lady Mass.
11.15 Jazz Record Requests.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 Talking Politics.
11.30 *From Our Own Correspondent.*
12.00 Out of African Skies.
12.25 The News Quiz.
1.00 News.
1.10 Call to Account.
2.00 Wilko's Weekly.
2.30 Saturday Playhouse.
4.00 Science Friction.
5.00 A Year in Harness.
5.25 Fourth Column.
6.00 News and Sports Round-up.
6.25 When Harry Met Ally.
6.50 Ad Lib.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Beyond Belief.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Gardening Quiz.
10.45 Sitting Targets.
11.00 Tingle Factor.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 Weekend Edition.
9.00 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.06 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 As I Recall. 9.00 News; Words of Faith; A Jolly Good Show.

10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary. 11.01 Rendez-Vous. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk.

12.30 Meridian. 1.00 News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News in German; Heute Aktuell.

5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 News in German; Heute Aktuell.

7.00 News in German; Aktuelles Feature. 8.00 Latin Roots. 8.30 Europe This Weekend. 9.00 The Proms. 9.30 Continuity Filler. 9.35 Personal View. 9.50 Writers In A Nutshell. 10.00 Newshour.

11.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show.

1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play Of The Week: The Wild Duck. 3.00 Newsdesk.

3.30 The Invaders Legacy: Latin America 500 Years On. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 A Tenor Sang. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker.
8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Mark Wynter. 1.00 Charles Nove. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Moscow Soloists.
1.00 News.
1.05 Songs Without Words.
2.00 BBC Symphony Orchestra.
3.55 BBC Singers in Oxford.
5.30 Opera News.
6.15 Bach in Perspective.
6.55 I Always Take Long Walks.
7.30 Proms 1992.
9.50 Sunday Play.
10.30 Arvo Part.
11.05 Sounds Like Bach?
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Jenni Murray.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
4.00 The Passionate Intellect.
4.47 More Wrestling Than Dancing.
5.00 Down the River Dee.
5.40 Lines of Communication.
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Ministering to the Arts.
7.00 In Business.
7.30 A Good Read.
8.00 Punters.
8.30 Reading Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Science Friction.
11.15 Lunching the Hokey-Cokey.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
7.00 Waterlines.
7.30 Weekend Edition.
9.30 Tales from the Perilous Realm.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.40 Open Forum.
1.00 Sunday Sport.
6.15 Fantasy Football League Update.
6.30 Rock Solid.
7.00 Sports Bulletin.
7.10 Open University.
10.10 Across the Line.
12.00 Close.

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6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain. 7.15 Letter From America. 7.30 Jazz For The Asking.
8.00 Newsdesk. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 News; Words of Faith; Classics with Kay. 10.00 News; Business Review. 10.15 Seeing Stars. 10.30 Folk in Britain. 10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 News and Press Review in German. 12.00 Newsdesk.

12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play of the Week - The Wild Duck. 2.00 Newshour. 3.00 News Summary. 3.01 Pop On The Line. 4.00 News. 4.15 BBC English. 4.30 News in German; Weltspiegel, Brief aus Berlin. 5.00 News; Travel News; BBC English.

5.30 Londres Soir. 6.14 Jazz Now And Then. 6.29 News Summary. 6.30 News in German. 7.00 News in German. 8.00 Modern Masterpiece. 8.30 Europe Tonight. 9.00 News; Folk in Britain; Words of Faith.

9.30 Brain Of Britain. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Seeing Stars. 11.30 Letter From America. 11.45 Sports Roundup. 12.00 News; Business Review; Classics with Kay. 1.00 Newsdesk.

1.30 In Praise Of God. 2.00 News Summary; With Great Pleasure. 2.45 Music From The Age Of Columbus. 3.00 Newsdesk. 3.30 Composer Of The Month: Boshulav Martinu.

4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 The Week Ahead; Travel. 4.45 News and Press Review in German.

CHESS/BRIDGE

BOBBY FISCHER is back, and it's as if he never went away. Twenty years after winning the world title at Reykjavik, Fischer's "Revenge match of the 20th century" against Boris Spassky on the Montenegrin island of Sveti Stefan has produced a burst of classic Fischerisms on and off the board.

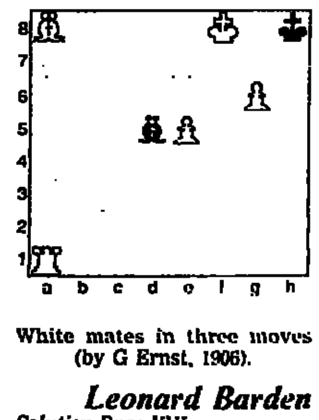
Bobby rejected numerous chess sets before deciding on one used in the 1950 Dubrovnik olympiad; insisted on overhead mirrors in Spassky's rest room so that Boris would never be out of his sight; had his personal lavatory seat raised one inch; and routinely denounced all the match games among Kasparov, Karpov and Korchnoi as "prearranged".

Bobby's return for a $5m (£2.5m) prize fund is promoted by the mysterious Jezdimir Vasiljevic, who quit Yugoslavia as a dinarless youth and now owns a TV station, a current affairs magazine, and a private bank which reportedly offers 10 per cent per month on dollar deposits.

At the pre-match press conference, Fischer ceremonially spat on a letter from the US Treasury Department threatening him with dire penalties for UN sanctions busting, including ten years jail. Back in 1972, Henry Kissinger had personally phoned to beg Fischer to continue the series when he threatened a walkout.

The same referee as 1972, Lothar Schmid, started the "Fischer clock" which permits an extra minute's thinking time after each move, so aborting time pressure and adjournment. The clock stalled, and Schmid had to coax it into action. Bobby played 1 e2-e4, choosing a Ruy Lopez just like their tenth game at Reykjavik. Fischer played a gloriously subtle middle game and Spassky resigned at move 50 two pawns down with mate or queen loss imminent. "I was killed," he said. In game two he scraped a draw.

CHESS No 939



White mates in three moves (by G Ernst, 1906).

Leonard Barden

Solution Page XVI

FOUR GOOD players took part in this hand from rubber bridge:

```
               N
            ♠ 3
            ♥ A Q 10 7 3
            ♦ A K 7 5 2
            ♣ K 4
     W                   E
♠ 7 5 4 2           ♠ K 6
♥ 8 6 2             ♥ K J 9 4
♦ Q 10 9 8 6        ♦ J 3
♣ 2                 ♣ A Q 10 8 3
               S
            ♠ A Q J 10 9 8
            ♥ 5
            ♦ 4
            ♣ J 9 7 6 5
```

With North-South game, North was dealer and bid one heart. East over-called with one no-trump and South's jump to four spades concluded the auction.

West opened with his club two and East won two tricks with queen and ace, following with a third club which was ruffed with the spade four. Dummy's ace won the heart return and the spade three was returned for a successful finesse of South's queen. When the ace dropped the king, the declarer drew the last trump and claimed his contract with six spades, one heart, two diamonds and the club knave.

East said to West: "You should have ruffed the club with the spade two, allowing dummy to over-ruff. At this point, you can see that the only hope of a trick for us is in trumps. If I hold (as I actually did) king and another spade, you save my king and still have a trump left to ruff a club."

"Of course," said West, "you're absolutely right."

"Just a minute," said South, "I can have a say in this. If West ruffs low, I can see what is going on. I refuse to over-ruff and make my contract by playing for king and another spade on my left." All agreed that the contract was cold. But were they right?

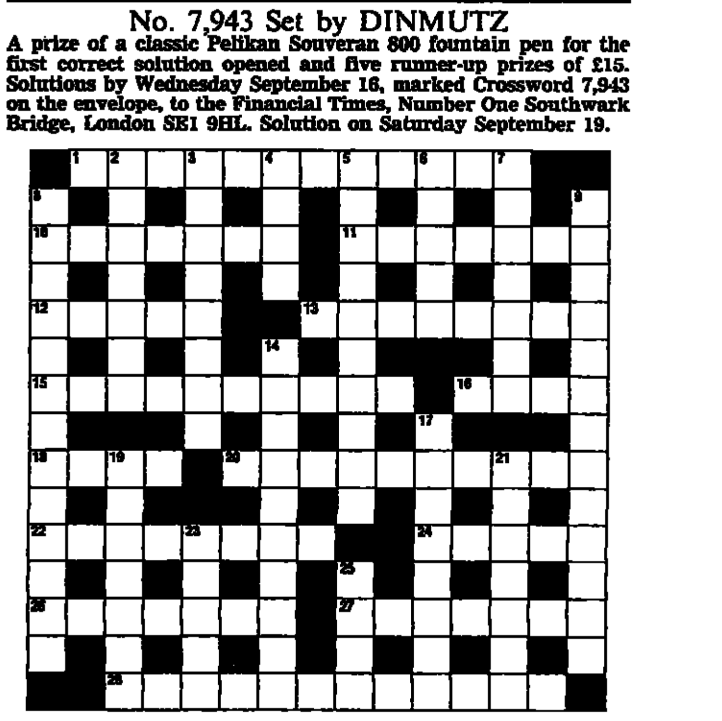
East could have defeated the contract. After winning with his queen of clubs, he should return not the ace but the eight (SPS for a heart return) for West to ruff. Dummy wins the heart return and the declarer can pick up the trumps, but he must lose two club tricks to East.

E.P.C. Cotter

CROSSWORD

No. 7,943 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday September 16, marked Crossword 7,943 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday September 19.



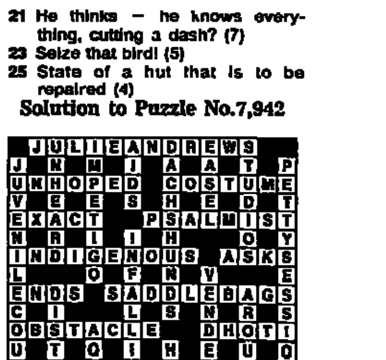
Name..

Address..

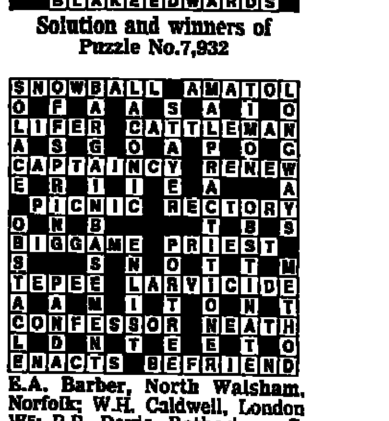
ACROSS
1 Coward's careless temperament (6,6)
10 Build up balance with Scandinavian currency (7)
11 Offensive row about doctor's retirement (7)
12 Protection for soldier in sea of trouble (5)
13 Family member who turns out the guard (8)
15 Grim quarters at back of ship (10)
16 Cut spruce (4)
18 Bite into some packet-cheeses (4)
20 Talking without restraint, father keeps one in order (4-6)
22 Divine government – they embrace Major! (7)
24 Woman from Arbroath without a bra? (5)
26 A French composer to interpret (7)
27 Elation somehow felt by a chiropodist? (7)
28 Copper pipe that carries air? (5-7)

DOWN
2 See pasta dish collapse, in the country way (7)
3 M, the second person with grit (8)
4 Flat, packed snow on the way back (4)
5 Kitchen-worker or street-beggar? (10)
6 Regrettinggame in Gateshead (5)
7 Fast horse – tense sort of bounder (7)
8 No specific remedy, this (5-8)
9 Tired out in the mind, to harmful effect (13)
14 Pear crushed in cool cheese (10)
17 Snowy location, to a smaller extent (8)
19 Acclaim at university rally (5,2)
21 He thinks – he knows everything, cutting a dash? (7)
23 Seize that bird! (5)
25 State of a hut that is to be repaired (4)

Solution to Puzzle No.7,942



Solution and winners of Puzzle No.7,932



E.A. Barber, North Walsham, Norfolk; W.H. Caldwell, London W5; P.B. Davis, Rotherham, S. Yorkshire; Mrs J. Richards, Hythe, Kent; G.R.A. Sellers, London W10; H.F. Soler, East Molesey, Surrey.

Private view / Christian Tyler

The fine art of stealing the world's finest art

NEXT TIME you are in an art gallery in Europe or America, look out for a pretty young woman with a cap pulled down over her face. She will not be trudging along the walls but rooted in front of one painting, holding a sheaf of colour reproductions in one hand and making notes with the other.

You are watching Susie Ray about to steal another masterpiece.

Of course, she is not going to wrench the picture from the wall. She is merely going to lift the image, take it away and reproduce it in oils for some rich, probably anonymous, client.

"You can usually get something on camera before the wardens start shouting at you," she explained gaily. "But I'm getting a bit too well-known, so I sometimes use an assistant."

What Susie Ray does is perfectly legal, provided her deception is done without intent to deceive and provided the work she mimics is out of copyright (which in Britain means the artist must have been dead 50 years).

It is legal, but odd. Jonathan Swift would have relished a topsy-turvy world in which a piece of painted canvas, originally purchased for a modest price, becomes so valuable and such a liability that its owner is forced to hide it or sell it, and feels obliged to pay again for someone else to paint another piece of canvas in exactly the same way.

Temporarily housed in a corner of a big studio in a not-so-fashionable district of south London where her husband John Stewart designs and sells kites, Susie Ray told me why the copyist's art is once more in again.

Some of her clients are sentimental, she said, like the Texan couple who before selling their little Sisley landscape to a Japanese wanted a copy of it to put back above the mantelpiece, or like the security guard at Rockefeller's private mansion who wanted a souvenir of one of his master's paintings for his retirement.

Others, like the Arab with the huge collection of early Impressionists stored in a bank vault in Geneva, are billionaire investors who will not pay the insurance premium.

Or they are collectors who are going bankrupt, or who are afraid the art market is collapsing, have stopped buying at auction and need new acquisitions to give their friends the impression they are still active.

Some are doing up country houses, like the couple who commissioned Monet's *Santa Maria della Salute* for their Venetian décor; like the English industrialist Sir Anthony Bamford who needed Reynolds' portraits for his Warren Hastings room.

Or they just want a van Gogh they've seen on holiday, such as the couple for whom she copied *Starry Night*, or they want Modigliani, like the old man who has commissioned four, or they want Stubbs, or Gauguin, Cezanne or Caravaggio – even, in one case, Duccio. Occasionally, she has had brushes with the underworld: "I have had funny phone calls."

Ashley Ashwood

Susie Ray is one of the first modern copyists in Britain to go publicly into business. In Paris there is Daniel Delamare, who commissions other artists to work for him and in Barcelona there is Miguel Canals who heads a large studio whose output has been put up at auction.

Ray charges up to £4,000 for an Impressionist or post-Impressionist, including the frame. For Old Masters she charges more. She does only one copy of each masterpiece, calls them Susie Ray Originals (a cheeky use of the word but one with precedents in fashion and music), then stamps the back of the canvas with a certificate of non-authenticity.

When I asked her why only one, she replied: "Because it takes a lot of time. If you do it again you can't do it as well. You lose interest in it. You can't concentrate. I just couldn't do it, even if the painting was destroyed." She did not add that the uniqueness of her copies might persuade customers they were acquiring an asset.

Do you have an artist's eye? I asked her. Do you think of your clients as philistines?

"It varies with the clients. But I don't see myself as a fine artist. I wasn't trained as one. Had I been, I would have developed a style, a technique, and that would have shown in my paintings. But because of my training I am able to produce accurately. I call myself a technician."

Her painstaking skill is the product of natural talent, a year's foundation course at Chelsea Art College, four years studying scientific illustration at Middlesex Polytechnic and two years working as a botanical artist at Kew Gardens.

Are there any painters you can't do?

"I've turned down two Canalettos, not because I can't do them, but because it would take for ever." What about technically?

No, I haven't come across one yet. I think contemporary painters would be hard, with drips down a canvas. Anyway, they're not out of copyright.

"Old Masters take longer but technically they're easier. With Impressionists have to get the brush strokes looking spontaneous, especially when they painted so fast."

But, I said, if you can knock up a pretty decent Monet aren't you tempted to go out and find a subject for yourself?

"No, because I can't do that. I've tried. It would end up looking like a photograph. This is the extraordinary thing."

What are you lacking that you can't do it?

"I'm lacking the fine artist's way of painting."

But it's a matter of looking, isn't it?

"Yes, but probably I just don't want to do it because Monet does it so much better. If I tried it it would just be so bad."

You don't have to paint like Monet.

"No, but I look at everything with an illustrator's eye."

From prints or slides of her paintings it is impossible to tell they are copies. Seeing them in the flesh it is still difficult (though isn't the expression of that Modigliani nude a touch too saucy?) and even beside the originals they might confuse.

So I applied the Turing Test for robots: let's say you can make a copy to fool virtually everyone. What then is the difference between your copy and the original?

"Visually, I hope, there shouldn't be – though I would be completely aware of it. There's a big difference in the value, of course."

So why is there such a difference in value?

"Why should a Stubbs be worth £60,000 and an Impressionist £6m? Why should a de Kooning go for £2m? It's the art world. I don't understand it."

I pointed to the nude again. How would you describe the difference between your Modigliani and his, apart from the fact that he had the idea and you didn't?

"Because it was done by the original artist. It's as lame as that. There is something there. If the two were side by side I think the original would still have an aura."

Would I get the same buzz from a copy as from the original?

"I would hope you'd get the same buzz."

People say there's some quality inherent in an original work of art. Do you think that's true?

"All I can say is that when I've done a copy of a painting that's hanging in a gallery and I go back and see the original it's just very exciting. I think 'Gosh, I've done it!'

"It's something that I feel I can achieve, and I have never seen anybody else quite get it. And I'm going to get better. But it will never be the same. Which is why I don't charge the same."

Do paintings have souls? I left Susie Ray's studio with the aesthetic conundrum unresolved. Perhaps she cannot answer the question for the same reason that, brilliant as she is, she cannot paint her own pictures.

So if you discover Susie Ray stealing a picture from your gallery, don't worry. She will probably leave a bit of it behind.

Time to inspire a palace revolution

Malcolm Rutherford thinks Britain should show its leadership qualities by creating an art park in central London based around Kensington Palace

IDEAS ARE in the wind for the creation of a new modern art gallery – more ambitious than has gone before – to greet the approach of the second millennium. Here is a modest proposal which might go even further and create a market for art as well. There should be an art park, a mixture of public and private interests, stretching across a large part of some already established international art capital. The aim would be to bring artists, collectors, sellers and buyers more closely together. The idea is developed later in the article, but first some background.

The underlying thesis – impossible to prove conclusively, but even harder to refute – is that demand for art will always exceed supply. You can see that in many ways. At the top end of the market Christie's can still sell a Titian for nearly £7.5m in spite of the recession. New galleries continue to open in different areas as recession hits the more traditional establishments. The paintings and drawings strung along the railings of London's Hyde Park on Sundays are a sign that interest is always there.

Demand for viewing art, rather than buying it, also goes on rising. Official figures are not up-to-date, but show that the number of visitors to the main national museums and galleries in London went up from 10.3m in 1979 to 12.1m a decade later. Figures from the Policy Studies Institute suggest much higher increases in some of the regions. Anecdotal evidence would include the high attendance at the small, selective Manet Exhibition "The Execution of Maximilian" at the National Gallery and the Magritte Exhibition at the Hayward. Others can supply their own evidence from Paris or New York, and note that where admission is free, not everyone is counted.

Almost anything to do with art has a tendency to arouse public passions. The long-running dispute over the rights and wrongs of museum charges is one example. Another is the perennial argument over whether privately-owned paintings which come up for sale should be "saved for the nation", and how. A new dispute has broken out over proposals by Nicholas Serota, gallery director, to split the Tate collection into foreign and British works.

At first sight, this outline of rising public interest fits ill with the reports of falling profits and turnover at the main auction houses of Sotheby's and Christie's and the closure or financial difficulties of a growing number of private galleries in London's West End. There is clearly a price adjustment under way, but I suggest a deeper explanation: the demand is there, but the supply side isn't working.

In broad terms, art holdings fall into the following categories:

- museums or other official institutions, such as churches and palaces;
- private galleries, which exhibit, buy and sell;
- corporate collections held, for example, by Pearson, Reuter and Robert Fleming;
- private collections, some of which are on show or on loan to exhibitions;
- random private holdings, mainly inherited, but sometimes bought *ad hoc* and occasionally a gift from the artist or a friendly gesture of encouragement by purchase.

Leaving aside the right of an individual to collect and hold whatever piece of art he or she chooses, provided it is legally acquired, all those categories have their deficiencies.

The problem of museums is well-documented. Essentially they hold more than they can show. Recall the story of the Corots in the Louvre – kept in an upstairs gallery and only brought to wider attention when exhibited elsewhere in Paris. The same could be said about Britain's Turners. The Tate can only show about one quarter of its collection at any time.

The problem of private galleries, certainly in central London, is not dissimilar from that of other businesses in a recession. They may carry excessive overheads, be in the wrong place, open at the wrong times and be inaccessible to a new public. There is no reason why new galleries should not open elsewhere in line with the earlier revolution in the retail trade. Some have already done so.

Corporate collections are a much under-studied and under-catalogued subject. Suffice it to say that some companies have made a point of collecting art and do not know what to with it.

Private holdings are, of course, a private matter. Yet, it is striking in major shows that so many of the exhibits come from private collections or simply private owners. In the big Magritte exhibition at the Hayward, more than half the works fell into that category. Of the 108 paintings in the Allan Ramsay exhibition at this year's Edinburgh Festival, more than 30 were from private owners. There were 76 exhibits in the same festival's "Dutch Art and Scotland"; 34 were privately held. Sometimes the owners are willing to be identified; sometimes, not. In the two Edinburgh cases cited, a majority withheld their names. The Queen lent to both.

It is also clear from social observation that a sizeable number of people have works of art which, although they may not amount to a collection, are interesting or possibly valuable in their own right. Often the potential value was not and could not have been known when the piece was acquired. More of these private owners might like to have their paintings shown; some might like to consider selling.

In theory, the auction firms exist as a clearing house when art changes hands. Yet one doubts how far they are an adequate means of developing a wider and more active market. Witness, by contrast, the success of *The Guardian's* "Art for Sale" which puts artists in touch with potential buyers. The newspaper has found that it can hardly cope with demand: sellers and buyers rate it highly.

It is the peculiar mix of public and private ownership that makes art different from other commodities. If there is to be a greater movement in the market – more on show, more to sell and more to buy – there will have to be some rearrangement of public and private interests. This is germane to the question of a new modern art gallery and underlines the need to be ambitious. Where should it be and how should it be run?

The location will make sense only if it is close to, and can evolve from, an existing international art centre where museums, galleries, auction houses, a viewing and a buying public are already part of the tradition. It will also require space – masses of it. As it happens, there is an obvious candidate: London.

By the standards of Paris, Rome or even parts of New York, London is not the most beautiful metropolis in the world, but it does have one superb, large and conveniently empty site. It stretches, with only a few obstacles, from St James's Park, Green Park, through Hyde Park, Kensington Gardens and, pushing it only a bit, on to Holland Park. It is already ringed with galleries, small and large, public, private and royal. The Queen's paintings, now partly open to the public, are nearby. The Royal Academy almost faces Green Park. There are some splendid galleries in the Mall, and the Royal College of Art looks on to Kensington Gardens. On Sundays the surroundings are full of artists peddling their wares.

The great bulk of the parkland is untouched but not immune. There is the odd Henry Moore, the greatly under-used and under-ambitious Serpentine Gallery in the middle, and a few tiny galleries in and around Holland Park at the western end. In between there is the supreme prize of Kensington Palace which, with official permission, could be turned into a major gallery in its own right – almost the hub of the concept.

Someone would have to co-ordinate the project, so let me define it more closely. A new gallery of modern art is too small a definition. A more accurate term would be a modern gallery of art, containing old as well, and not just one gallery but a string of them, indoors as well as out (for sculptures and itinerant artists). It would combine exhibiting and selling. That is why, however infelicitous, I have chosen the term art park.

The co-ordinator would be appointed by the government. He or she would require wide powers – a bit like those for the opening up of Docklands. There would have to be co-operation with all sorts of bodies: the Queen (if Kensington Palace is to be secured), the local authorities, the trustees of existing museums who like to keep art rather than trade it. Some, although not many, new buildings will be needed. There might be a gallery to show corporate collections, and perhaps a place for private owners to exhibit their holdings. Smaller galleries could proliferate – as to some extent they have – in the areas round about.

To help the co-ordinator, there must be a company in this country capable of running a theme park, and leasing galleries as franchises.

There may also have to be changes in the law: some are on the way. Just before the last general election, Tim Renton, then arts minister, put through Parliament the Museums and Galleries Act 1992 which empowers the Tate to sell paintings and sculptures from its existing collection. Renton would have liked the Act to have gone further and extended to the National Gallery, but it is at least a start.

The power to dispose does not, of course, rule out the power to acquire. On the contrary, the change in the law helps to create a market and provides greater freedom for gallery directors.

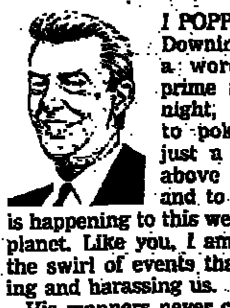
I have deliberately said nothing in this article about the aesthetics of art: that is a matter of taste and fashion. Nor have I mentioned public funding: there is no reason to suppose that what I suggest would cost much additional money. It is more a question of better co-ordination and a change in attitudes. The opening up of a market would help artists and purchasers alike.

The timing is ripe: not only the approach of the millennium, but the creation of the ministry of national heritage, which has been given an empire but not yet found a role. Should the area around the Serpentine prove too small, there are others available. Why not put paintings and sculptures in Regent's Park as the animals depart from the zoo? There could be no clearer acknowledgement of changing tastes. Renton has thoughts about Butler's Wharf, in London, where there is space aplenty, then on into Docklands.

One final thought: if London does not take up the idea, somewhere someone else will. The outstanding candidate is Berlin, which has lots of money, lots of space, lots of art, and masses of ambition. Must the Germans lead?

94162 48950 00000

Michael Thompson-Noel



I POPPED round to Downing Street for a word with the prime minister last night; to urge him to poke his head just a millifraction above the parapet and to tell us what is happening to this weary, wracked planet. Like you, I am stunned by the swirl of events that are buffeting and harassing us.

His manners never change. He is the courtliest soul imaginable. We entered his private sitting room. I sat on a floral sofa.

"Care for some food?" said the prime minister. "One of the nicest things about this place is that they are happy to serve you anything, whatsoever the time of day."

"Wonderful," I said. "I'd like eggs, bacon, sausages, tomatoes, mushrooms and fried bread, thankyou very much."

As we ate, I broached the subject of my visit.

"It seems to me, prime minister, that the time is fast approaching when you must do or say something – possibly something small: no one is counting on miracles – to relieve the confusion and dread that are stalking the land.

"Everywhere people look they see schism and breakdown. Paralysis of the world economy. Markets shaking and heaving. Europe on the brink. Poor old George Bush. Maastricht and Mitterrand. Wars flaring daily. Saddam still out-tricking us. Turmoil at the BBC. The House of Windsor quaking. The return of Lord Owen. Children rioting and swearing. Lord Beaverbrook insolvent. Some exceptionally dodgy

HAWKS & HANDSAWS

weather. A great pall of horridness.

"If you ask me, prime minister, it is all getting a bit too pre-millennial for my taste: eerie and frightening, the sky a hideous purple, oceans glinting afire, earthquakes and tempests, paganism and metempirics.

"Yet no one is speaking up. You yourself, prime minister, remind me of an incident Paul Theroux writes about in his new travel book, *The Happy Isles of Oceania*. I happen to have a review copy, courtesy of the Books editor.

"Theroux is in Western Australia, plugging his latest novel. He visits a Perth newspaper. He is escorted to a cubicle where an 18-year-old boy is sitting at a tidy desk. 'Well,' says the boy, 'where shall we begin?' He has read none of Theroux's books. The interview goes nowhere.

"Finally, at the door, the boy asks his only literary question. 'How do you get your characters?' he asks. 'You just think them up?'

"'Sometimes I think them up,' replies Theroux. 'And sometimes they appear before my eyes.'

"The trouble is, prime minister, that people are no longer sure whether you are a character they invented, or whether you just appeared. They find it a mystery."

"It's remarkable you should say that," said the prime minister, "because the truth is that we – the world's leaders – are grappling with a genuine mystery at present.

"We seem to have encountered gridlock. Everything has stalled. We think it is *pre-millennial*. And it seems to involve *pi*. As you are aware, *pi* – a circle's circumference divided by its diameter – is a transcendental number. It starts off as 3.14159265 but its decimal places continue for ever – an infinity of decimal places. Or so it was supposed.

"Some scientists, however, have been using extremely powerful computers to see whether *pi* would eventually yield a pattern of numbers that contained some sort of code, a message from the Creator. All was going swimmingly until six weeks ago when the computers started to produce an endless sequence of noughts. Whereas we used to receive a never-slackening stream of unrelated digits stretching to infinity, all we are getting is zeros.

"Nor is that the end of it. *All* the Earth's strategic computer programs have thrown in the towel. We ask them the big questions, and out come noughts. I have talked to George about it, to François, Helmut, Boris. Everything is gridlocked, everything closing down. There seems to be no way forward. We are sure it is pre-millennial."

"Are you worried?"

"What's the point of worrying? We are going with the flow, waiting to see what happens."

"You don't have a plan?"

Just then, all the red telephones on the desk started ringing. The prime minister answered one of them and listened very hard. The colour fled from his face.

"I am afraid you will have to excuse me," he said, dashing for the door. "If I am not back in 30 minutes, order a pot of tea."